
**CITY OF GALLATIN
SPECIAL-CALLED COUNCIL MEETING**

**Tuesday
July 8, 2014**

6 p.m.

**Dr. J. Deotha Malone
Council Chambers**

- Call to Order – Mayor Jo Ann Graves
- Roll Call:
Vice Mayor Alexander – Brackenbury – Camp – Hayes – Kemp – Mayberry – Overton
- Public Recognition on Agenda Items Only

AGENDA

1. **First Reading – Ordinance No. O14Ø6-38** – Appropriating \$293,826.50 for the Right-of-Way Deposit to TDOT for the GreenLea Blvd Extension (**Councilman Hayes**)
2. **Resolution No. R14Ø7-37** – Authorizing the issuance, sale and payment of General Obligation Bonds of the City of Gallatin, Tennessee in the aggregate principal amount of not to exceed \$15,500,000; and providing for the levy of taxes for the payment of debt service on the bonds (**Councilwoman Brackenbury**)
3. **Resolution No. R14Ø7-38 – Supplemental Resolution No. 3** a resolution, supplemental to the master resolution pertaining to water and sewer revenue obligations, authorizing the issuance of not to exceed \$6,000,000 in aggregate principal amount of water and sewer system revenue refunding and improvement bonds, Series 2014 of the City of Gallatin, Tennessee; making provision for the issuance, sale and payment of said Series 2014 Bonds; and establishing the terms thereof and the disposition of proceeds therefrom. (**Councilman Mayberry**)

- Adjourn

ORDINANCE NO. O1406-38

ORDINANCE APPROPRIATING \$293,826.50 FOR THE RIGHT-OF-WAY DEPOSIT
TO TDOT FOR THE GREENLEA BLVD EXTENSION

BE IT ORDAINED BY THE CITY OF GALLATIN, TENNESSEE, that the sum of \$293,826.50 is hereby appropriated from the Undesignated Fund Balance of the General Fund for the right-of-way deposit made payable to TDOT on the Greenlea Blvd Extension from SR-386 to SR-174.

BE IT FURTHER ORDAINED BY THE CITY OF GALLATIN, TENNESSEE, that this Ordinance shall take effect on final passage, the public welfare requiring such.

PASSED FIRST READING:

PASSED SECOND READING:

MAYOR JO ANN GRAVES

ATTEST:

CONNIE KITTRELL, CITY RECORDER

APPROVED AS TO FORM:

JOE THOMPSON, CITY ATTORNEY



STATE OF TENNESSEE
DEPARTMENT OF TRANSPORTATION
PROGRAM DEVELOPMENT & ADMINISTRATION DIVISION
Local Programs Development Office
SUITE 600, JAMES K. POLK BUILDING
NASHVILLE, TENNESSEE 37243-0341
Voice: 615-741-5314

JOHN C. SCHROER
COMMISSIONER

BILL HASLAM
GOVERNOR

May 15, 2014

The Honorable Jo Ann Graves
Mayor, City of Gallatin
132 W. Main St.
Gallatin, TN 37066

Re: Right-of-Way deposit on Greenlea Blvd Extension from SR-386(Vietnam Veterans Blvd) to SR-174(Long Hollow Pike)
Gallatin, Sumner County
PIN: 112515.00
Federal Project Number: N/A
State Project Number: 83950-3561-04
Contract Number: 100230

Dear Mayor Graves:

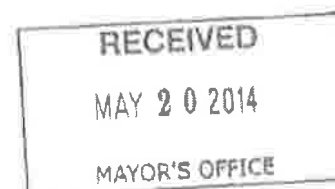
I am pleased to inform you that the Department is now in position to advance with the right-of-way phase of the referenced project. The current estimate for your agency's share of the cost is \$307,326.50 of which you have already provided \$13,500.00, leaving a balance due of **\$293,826.50**.

Since your agency made the preliminary engineering deposit for this project in the form of a check, you may also use this method for your right-of-way deposit. If you would like to use another form for deposit, I have provided you with the (LGIP) Local Government Investment Pool agreement to be filled out according to the instructions attached. If you have any questions, please feel free to contact me.

When we receive your deposit, we will be in a position to proceed with the right-of-way phase in a timely manner. Should you have any questions concerning this request, please call me.

Sincerely,

Whitney Sullivan
Transportation Manager
whitney.sullivan@tn.gov



INFORMATION RE: DEPOSITS BY AGENCIES

Deposits required from Agencies may be provided by one of the following methods:

1. A check made payable to The Tennessee Department of Transportation.
2. Documentation of a deposit in the Local Government Investment Pool administered by the State Treasurer made only by wire or immediate credit transfer. (instruction sheet, and Treasury contract follows)

If you choose method (1) please return the check to the person requesting the payment at the address below:

Office of Local Program Development
Tennessee Department of Transportation
505 Deaderick Street
Suite 600, James K. Polk Building
Nashville, Tennessee 37243-0341

If you choose method (2), return the necessary documents to the persons indicated on the instruction sheet for depositing funds in the Local Government Investment Pool.

C O N T R A C T

THIS AGREEMENT, made and entered into this ____ day of _____, 20____, by and between **THE TREASURY DEPARTMENT OF THE STATE OF TENNESSEE**, hereinafter referred to as the "Treasury", and the City of Gallatin, Tennessee, hereinafter referred to as the "Local Agency".

W I T N E S S E T H:

WHEREAS, the State of Tennessee, acting through the Department of Transportation, entered into a contract with the City of Gallatin, herein after called "Local Agency", on the ____ day of _____, 20____ relative to providing for implementation of Greenlea Blvd Extension from SR-386(Vietnam Veterans Blvd) to SR-174(Long Hollow Pike).

WHEREAS, said agreement provides that the Local Agency may deposit its pro rata share of the estimated cost of the project with the Treasury for temporary investment as an alternative to furnishing the Department with said share, and the Local Agency has elected to use said alternate; and

WHEREAS, the Local Agency has made application to participate in the Local Government Investment Pool which has been accepted by the Treasury and has deposited its pro rata share of the estimated cost of the project by immediate credit transfer and advised the Treasury thereof and identified the account to which said deposit should be credited.

NOW THEREFORE, in consideration of the premises, the Treasury and the Local Agency agree as follows:

The Local Agency hereby authorizes Treasury to transfer from its Local Government Investment Pool Account (LGIP Account) relative to the above- identified project, to the account of the Department of Transportation, such amounts as said Department may request from time to time by written instructions from its Finance Director, without liability.

The Local Agency understands that no funds in its LGIP account shall be subject to withdrawal until the project is completed and the actual pro rata share of cost is determined. On completion, any surplus will be returned to the Local Agency pursuant to written instructions of said Department with an accounting of transfers made.

The Treasury will credit interest to the account which will be added to the principal and will become part of the surplus, if any, for disposition by said Department at the completion of the project. LGIP account statements will be sent to the Local Agency and said Department monthly. There will be an administrative fee charged to the Local Agency for the LGIP account at the same rate as other LGIP accounts are charged.

It is understood by the parties that the Treasury shall be responsible for the investment of aforesaid sum in accordance with the terms and conditions of the administration of the pool.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed by their duly authorized officials as of the date above written.

**STATE OF TENNESSEE
TREASURY DEPARTMENT**

By: _____

NAME OF OFFICIAL WHOSE
SIGNATURE APPEARS BELOW

City of Gallatin
(Type or Print)

TITLE: _____

ADDRESS: _____

TELEPHONE NO: _____

COUNTY OF: _____

SIGNATURE
OF OFFICIAL: _____

INSTRUCTIONS FOR DEPOSITING FUNDS
FOR INVESTMENT IN LOCAL GOVERNMENT INVESTMENT POOL

Enclosed herewith you will find one (1) copy of a contract relative to investing in the Local Government Investment Pool (LGIP) administered by the State Treasury Department. These are for your use in providing evidence that the Local Agency's pro-rata share of funds for the amount set forth in the project agreement relative to the project identified in the contract have been deposited for the use of the Department of Transportation. After completing the information necessary in the body of the contract you will need to have a total of four (4) original copies signed by an authorized official. Due to the sophistication of today's copiers, signatures in ink of a color other than black will clearly mark them as original signatures and prevent possible delays. Mail two (2) copies to, Assistant Director of Investment Department, P. O. Box 198785, Nashville, TN., 37219-8785, and one (1) copy to Jennifer Herstek, Finance Administrator, Tennessee Department of Transportation, 800 James K. Polk Building, Nashville, TN 37243-0329. The remaining copy is to be retained for your file until a fully executed copy is returned by the Treasury Department. Any questions you have should be directed to **Assistant Director of Investment Department at (615) 253-1536.**

Please note that due to the volume of deposits, the Treasury Department will not confirm to TDOT that your deposit has been made more than once a month. To prevent delays in project development, once you have made the deposit, call the person who signed the letter transmitting this document. Give that person the account number to which you have made your deposit, the amount of your deposit and the date on which you submitted it.

**CITY OF GALLATIN
COUNCIL COMMITTEE AGENDA**

June 24, 2014

DEPARTMENT: Engineering

AGENDA # 3

SUBJECT:

TDOT Right-Of-Way Deposit for Greenlea Blvd Extension

SUMMARY:

The City received the attached letter asking for our share of the cost of right-of-way for the Greenlea Blvd Extension project. Attached is the ordinance to appropriate the requested money.

RECOMMENDATION:

ATTACHMENT:

☐ Resolution
☒ Ordinance

☒ Correspondence
☐ Contract

☐ Bid Tabulation
☐ Other

Approved ☒
Rejected ☐
Deferred ☐

Notes:

A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND PAYMENT OF
GENERAL OBLIGATION BONDS OF THE CITY OF GALLATIN, TENNESSEE IN
THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$15,500,000; AND
PROVIDING FOR THE LEVY OF TAXES FOR THE PAYMENT OF DEBT
SERVICE ON THE BONDS

WHEREAS, 9-21-101, et seq., Tennessee Code Annotated (the "Act") authorizes the City of Gallatin, Tennessee (the "Municipality"), by resolution of the City Council, to issue and sell bonds to finance public works projects (as defined by the Act) and to refund and refinance outstanding indebtedness; and

WHEREAS, the City Council of the Municipality hereby determines that it is necessary and advisable to issue general obligation bonds, in one or more series, for the purpose of financing the capital costs related to the acquisition and/or improvement of parks and recreational facilities; public works facilities and equipment; streets, roads and related drainage improvements; acquisition of land and site development for and design, construction, renovation, repair and equipping of a fire hall; and all related capital and bond issuance costs; and

WHEREAS, the City Council of the Municipality did adopt on June 17, 2014 an initial resolution (the "Initial Resolution") authorizing the issuance of not to exceed \$9,000,000 for the purposes described above; and

WHEREAS, the Initial Resolution, together with the notice required by the Act, has been published as required by law; and

WHEREAS, the Municipality has previously issued and has outstanding its General Obligation Improvement Bonds, Series 2007, dated February 28, 2007 and maturing in 2018 and thereafter (the "Outstanding Indebtedness"); and

WHEREAS, all or a portion of the Outstanding Indebtedness can now be refunded for the purpose of reducing the debt service requirements of the Municipality; and

WHEREAS, the City Council hereby determines that it is advisable to issue general obligation bonds, in one or more series, for the purpose of refunding all or a portion of the Outstanding Indebtedness; and

WHEREAS, a plan of refunding for the Outstanding Indebtedness has been filed with the Director of State and Local Finance (the "State Director") as required by the Act, and the State Director has submitted to the Municipality a report thereon, a copy of which has been made available to the members of the City Council; and

WHEREAS, it is the intention of the City Council of the Municipality to adopt this resolution for the purpose of authorizing not to exceed \$15,500,000 in aggregate principal amount of bonds for the above-described purposes, providing for the issuance, sale and payment of said bonds, establishing the terms thereof, and the disposition of proceeds therefrom, and providing for the levy of a tax for the payment of principal thereof, premium, if any, and interest thereon.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Gallatin, Tennessee, as follows:

Section 1. Authority. The bonds authorized by this resolution are issued pursuant to the Act and other applicable provisions of law.

Section 2. Definitions. In addition to the terms defined in the preamble above, the following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

(a) “Bonds” means the not to exceed \$15,500,000 General Obligation Bonds of the Municipality, to be dated their date of issuance, and having such series designation or such other dated date as shall be determined by the Mayor pursuant to Section 8 hereof.

(b) “Book-Entry Form” or “Book-Entry System” means a form or system, as applicable, under which physical bond certificates in fully registered form are issued to a Depository, or to its nominee as Registered Owner, with the certificate of bonds being held by and “immobilized” in the custody of such Depository, and under which records maintained by persons, other than the Municipality or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial “book-entry” interests in those bonds.

(c) “Code” means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

(d) “Depository” means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC.

(e) “DTC” means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns.

(f) “DTC Participant(s)” means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC System.

(g) “Financial Advisor” for the Bonds authorized herein means Wiley Bros. -- Aintree Capital, LLC, Nashville, Tennessee.

(h) “Mayor” shall mean the Mayor of the Municipality.

(i) “Projects” means the capital costs related to the acquisition and/or improvement of parks and recreational facilities; public works facilities and equipment; streets, roads and related drainage improvements; acquisition of land and site development for and design, construction, renovation, repair and equipping of a fire hall.

(j) “Refunded Indebtedness” means the maturities or portions of the maturities of the Outstanding Indebtedness designated for refunding by the Mayor pursuant to the terms hereof.

(k) “Refunding Escrow Agent” means the refunding escrow agent appointed by the Mayor pursuant to the terms hereof, or any successor designated by the Governing Body.

(l) "Refunding Escrow Agreement" means the Refunding Escrow Agreement, dated as of the date of the Bonds, between the Municipality and the Refunding Escrow Agent, in substantially the form of the document attached hereto as Exhibit A, subject to such changes thereto as shall be permitted by the terms of this resolution.

(m) "Registration Agent" means the registration and paying agent appointed by the Mayor pursuant to the terms hereof, or any successor designated by the Governing Body.

Section 3. Findings of the Governing Body; Compliance with Debt Management Policy.

(a) In conformance with the directive of the State Funding Board of the State of Tennessee, the Municipality has heretofore adopted its Debt Management Policy. The Governing Body hereby finds that the issuance and sale of the Bonds, as proposed herein, is consistent with the Municipality's Debt Management Policy.

(b) The estimated interest expense and costs of issuance of the Bonds have been made available to the Governing Body.

(c) The refunding of the Refunded Indebtedness authorized herein through the issuance of the Bonds will result in the reduction of the debt service payable by the Municipality over the term of the Refunded Indebtedness, thereby effecting a cost savings to the public.

(d) The Refunding Report of the State Director has been presented to the members of the Governing Body in connection with their consideration of this resolution.

Section 4. Authorization and Terms of the Bonds.

(a) For the purpose of providing funds to finance, in whole or in part, the cost of the Projects and costs incident thereto; reimbursement to the appropriate fund of the Municipality for prior expenditures for the foregoing costs, if applicable; the refunding of the Refunded Indebtedness; and payment of costs incident to the issuance and sale of the Bonds, there is hereby authorized to be issued bonds of the Municipality in the aggregate principal amount of not to exceed \$15,500,000. The Bonds shall be issued in one or more series, in fully registered, book-entry form (except as otherwise set forth herein), without coupons, and subject to the adjustments permitted hereunder, shall be known as "General Obligation Bonds", shall be dated their date of issuance, and shall have such series designation or such other dated date as shall be determined by the Mayor pursuant to the terms hereof. The Bonds shall bear interest at a rate or rates not to exceed the maximum rate permitted by applicable Tennessee law at the time of issuance of the Bonds, or any series thereof, payable (subject to the adjustments permitted hereunder) semi-annually on January 1 and July 1 in each year, commencing January 1, 2015. The Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof, as shall be requested by the original purchaser thereof. Subject to the adjustments permitted pursuant to the terms hereof, the Bonds shall mature serially or be subject to mandatory redemption and shall be payable on January 1 of each year, subject to prior optional redemption as hereinafter provided, in the years 2015 through 2034, inclusive; provided, however, such amortization may be adjusted in accordance with the terms hereof.

(b) Subject to the adjustments permitted under Section 8 hereof, the Bonds shall be subject to redemption prior to maturity at the option of the Municipality on January 1, 2024 and thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Governing Body in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

(c) Pursuant to the terms hereof, the Mayor is authorized to sell the Bonds, or any maturities thereof, as term bonds ("Term Bonds") with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the Mayor. In the event any or all the Bonds are sold as Term Bonds, the Municipality shall redeem Term Bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the maturity amounts established pursuant to the terms hereof for each redemption date, as such maturity amounts may be adjusted pursuant to the terms hereof, at a price of par plus accrued interest thereon to the date of redemption. The Term Bonds to be redeemed within a single maturity shall be selected as follows:

If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such mandatory redemption date, the Municipality may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and cancelled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Municipality on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Municipality shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such

payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

(d) Notice of any call for redemption shall be given by the Registration Agent on behalf of the Municipality not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Municipality nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the Municipality pursuant to written instructions from an authorized representative of the Municipality (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein.

(e) The Governing Body hereby authorizes and directs the Mayor to appoint the Registration Agent for the Bonds and hereby authorizes the Registration Agent so appointed or the Registration Agent for the Bonds to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Bonds as provided herein, to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the Municipality at least annually a certificate of destruction with respect to Bonds cancelled and destroyed, and to furnish the Municipality at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds. The Mayor is hereby authorized to execute and the City Recorder is hereby authorized to attest such written agreement between the Municipality and the Registration Agent as they shall deem necessary and proper with respect to the obligations, duties and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

(f) The Bonds shall be payable, both principal and interest, in lawful money of the United States of America at the main office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds by check or draft on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Municipality in respect of such Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of

twelve (12) months of thirty (30) days each. In the event the Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(g) Any interest on any Bond that is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the Municipality to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Municipality shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the Municipality shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered Owners. The Registration Agent shall promptly notify the Municipality of such Special Record Date and, in the name and at the expense of the Municipality, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the Municipality to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

(h) The Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bond or the Bond to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the Municipality to call such Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. The Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be

exchanged for an equal aggregate principal amount of the Bonds of the same maturity in any authorized denomination or denominations.

(i) The Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the Municipality with the signature of the Mayor and the attestation of the City Recorder.

(j) Except as otherwise provided in this resolution, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. References in this Section to a Bond or the Bonds shall be construed to mean the Bond or the Bonds that are held under the Book-Entry System. One Bond for each maturity shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Bond Registrar is a custodian and agent for DTC, and the Bond will be immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO. AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE REGISTRATION AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co., as provided in the Letter of Representation relating to the Bonds from the Municipality and the Registration Agent to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The Municipality and the Registration Agent shall not be responsible or liable for payment by DTC or DTC Participants for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds, or (2) the Municipality determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, then the Municipality shall discontinue the Book-Entry System with DTC or, upon request of such original purchaser, deliver the Bonds to the original purchaser in the form of fully-registered Bonds, as the case may be. If the Municipality fails to identify another qualified securities depository to replace DTC, the Municipality shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully-registered Bonds to each Beneficial Owner. If the purchaser(s) certifies that it intends to hold the Bonds for its own account, then the Municipality may issue certificated Bonds without the utilization of DTC and the Book-Entry System.

THE MUNICIPALITY AND THE REGISTRATION AGENT SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS; (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE, CEDE & CO., AS OWNER.

(k) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the owners of the Bonds; provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this Section.

(l) The Registration Agent is hereby authorized to authenticate and deliver the Bonds to the original purchaser, upon receipt by the Municipality of the proceeds of the sale thereof and to authenticate and deliver Bonds in exchange for Bonds of the same principal amount delivered for transfer upon receipt of the Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an officer thereof on the certificate set forth herein on the Bond form.

(m) In case any Bond shall become mutilated, or be lost, stolen, or destroyed, the Municipality, in its discretion, shall issue, and the Registration Agent, upon written direction from the Municipality, shall authenticate and deliver, a new Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Bond, or in lieu of and in substitution for such lost, stolen or destroyed Bond, or if any such Bond shall have matured or shall be able to mature, instead of issuing a substituted Bond the Municipality may pay or authorize payment of such Bond without surrender thereof. In every case, the applicant shall furnish evidence satisfactory to the Municipality and the Registration Agent of the destruction, theft or loss of such Bond, and indemnify satisfactory to the Municipality and the Registration Agent; and the Municipality may charge the applicant for the issue of such new Bond an amount sufficient to reimburse the Municipality for the expense incurred by it in the issue thereof.

Section 5. Source of Payment. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the Municipality. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the Municipality are hereby irrevocably pledged.

Section 6. Form of Bonds. The Bonds shall be in substantially the following form, the omissions to be appropriate completed when the Bonds are prepared and delivered:

(Form of Bond)

REGISTERED
Number _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF SUMNER
CITY OF GALLATIN
GENERAL OBLIGATION BONDS, SERIES 2014

Interest Rate: Maturity Date: Date of Bond: CUSIP No.:

Registered Owner:

Principal Amount:

FOR VALUE RECEIVED, the City of Gallatin, Tennessee (the "Municipality") hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth (or upon earlier redemption as set forth herein), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on January 1, 2015, and semi-annually thereafter on the first day of January and July in each year until this Bond matures or is redeemed. The principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the principal corporate trust office of _____, as registration and agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date directly to the registered owner hereof shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at such owner's address shown on said Bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the Municipality to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of [and premium, if any, on] this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution, pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the Municipality and the Registration Agent shall treat Cede & Co. as the only owner of the Bonds for all purposes under the

Resolution, including receipt of all principal and maturity amounts of, premium, if any, and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the Municipality nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the Municipality determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect its interests or the interests of the Beneficial Owners of the Bonds, the Municipality may discontinue the book-entry system with DTC. If the Municipality fails to identify another qualified securities depository to replace DTC, the Municipality shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully-registered Bonds to each Beneficial Owner. Neither the Municipality nor the Registration Agent shall have any responsibility or obligations to DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy or any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners; (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

[Bonds of the issue of which this Bond is one shall be subject to redemption prior to maturity at the option of the Municipality on January 1, 2024 and thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date.]

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the City Council of the Municipality, in its discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

[Subject to the credit hereinafter provided, the Municipality shall redeem Bonds maturing _____ on the redemption dates set forth below opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Bonds of which this Bond is one, or such Person as shall then be serving as the securities depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a

maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

<u>Final Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds Redeemed</u>
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***Final Maturity**

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the Municipality may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and cancelled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Municipality on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Municipality shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.]

Notice of any call for redemption shall be given by the Registration Agent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Municipality nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and it notice has been duly provided as set forth in the Resolution, as hereafter defined.

This Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided

in the Resolution, as hereafter defined, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds of authorized denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Municipality to call such Bond for redemption.

This Bond is one of a total authorized issue aggregating \$_____ and issued by the Municipality to finance the cost of the capital costs related to the acquisition and/or improvement of parks and recreational facilities; public works facilities and equipment; streets, roads and related drainage improvements; acquisition of land and site development for and design, construction, renovation, repair and equipping of a fire hall; and the refunding of the Municipality's outstanding General Obligation Improvement Bonds, Series 2007, dated February 28, 2007 and maturing in 2018 and thereafter; and the issuance costs of the Bonds, pursuant to 9-21-101, et seq., Tennessee Code Annotated, as amended, and pursuant to a resolution adopted by the City Council of the Municipality on July 8, 2014 (the "Resolution").

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the Municipality. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the Municipality are hereby irrevocably pledged.

This Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bond during the period the Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bond in Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the Municipality, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the Municipality has caused this Bond to be signed by its Mayor and attested by its City Recorder under the corporate seal of the Municipality, all as of the date hereinabove set forth.

CITY OF GALLATIN, TENNESSEE

By: _____
Mayor

(SEAL)

ATTESTED:

City Recorder

Transferable and payable at the
principal corporate trust office of: _____

Date of Registration: _____

This Bond is one of the issue of Bonds issued pursuant to the Resolution hereinabove described.

Registration Agent

By: _____
Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____, whose address is _____ (Please insert Federal Identification or Social Security Number of Assignee _____), the within Bond of City of Gallatin, Tennessee, and does hereby irrevocably constitute and appoint _____, attorney, to transfer the said Bond on the records kept for registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

NOTICE: Signature(s) must be guaranteed
by a member firm of a Medallion Program
acceptable to the Registration Agent

Section 7. Levy of Tax. The Municipality, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the Municipality, in addition to all other taxes authorized by law, sufficient to pay principal of, premium, if any, and interest on the Bonds when due, and for that purpose there is hereby levied a direct annual tax in such amount as may be found necessary each year to pay principal and interest coming due on the Bonds in said year. Principal and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the Municipality and reimbursement therefor shall be made out of the taxes hereby provided to be levied when the same shall have been collected. The tax herein provided may be reduced to the extent of any direct appropriations from other funds, taxes and revenues of the Municipality to the payment of debt service on the Bonds.

Section 8. Sale of Bonds.

(a) The Bonds shall be offered for competitive public sale in one or more series, at a price of not less than 98% of par, plus accrued interest, as a whole or in part from time to time as shall be determined by the Mayor, in consultation with the Financial Advisor. If the Bonds are sold in more than one series, the Mayor is authorized to cause to be sold in each series an aggregate principal amount of Bonds less than that shown in Section 4 hereof for each series, so long as the total aggregate principal amount of all series issued does not exceed the total aggregate of Bonds authorized to be issued herein.

(b) The Mayor is authorized with respect to each series of Bonds to:

(1) change the dated date of the Bonds, or any series thereof, to a date other than the date of issuance of the Bonds;

(2) change the designation of the Bonds, or any series thereof, to a designation other than "General Obligation Bonds" and to specify the series designation of the Bonds, or any series thereof;

(3) change the first interest payment date on the Bonds, or any series thereof, to a date other than January 1, 2015, provided that such date is not later than twelve months from the dated date of such series of Bonds;

(4) adjust the principal and interest payment dates and the maturity amounts of the Bonds, or any series thereof, provided that (A) the total principal amount of all series of the Bonds does not exceed the total amount of Bonds authorized herein; and (B) the final maturity date of each series shall not exceed the final maturity described in Section 4 hereof.

(5) adjust or remove the Municipality's optional redemption provisions of the Bonds, provided that the premium amount to be paid on Bonds or any series thereof does not exceed two percent (2%) of the principal amount thereof;

(6) refund less than all of the Outstanding Indebtedness; and

(7) sell the Bonds, or any series thereof, or any maturities thereof as Term Bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as otherwise determined by the Mayor, as he shall deem most advantageous to the Municipality.

The form of the Bond set forth in Section 6 hereof shall be conformed to reflect any changes made pursuant to this Section 8 hereof.

(c) The Mayor is authorized to sell the Bonds, or any series thereof, simultaneously with any other bonds or notes authorized by resolution or resolutions of the Governing Body. The Mayor is further authorized to sell the Bonds, or any series thereof, as a single issue of bonds with any other bonds with substantially similar terms authorized by resolution or resolutions of the Governing Body, in one or more series as the Mayor shall deem to be advantageous to the Municipality and in doing so, the Mayor is authorized to change the designation of the Bonds to a designation other than "General Obligation Bonds"; provided, however, that the total aggregate principal amount of combined bonds to be sold does not exceed the total aggregate principal amount of Bonds authorized by this resolution or bonds authorized by any other resolution or resolutions adopted by the Governing Body.

(d) The Mayor is authorized to award the Bonds, or any series thereof, in each case to the bidder whose bid results in the lowest true interest cost to the Municipality, provided the rate or rates on the Bonds does not exceed the maximum rate prescribed by Section 4 hereof. The award of the Bonds by the Mayor to the lowest bidder shall be binding on the Municipality, and no further action of the Governing Body with respect thereto shall be required.

(e) The Mayor and City Recorder are authorized to cause the Bonds, in book-entry form (except as otherwise permitted herein), to be authenticated and delivered by the Registration Agent to the successful bidder and to execute, publish, and deliver all certificates and documents, including an official statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds. The Mayor is hereby authorized to enter into a contract with the Financial Advisor, for financial advisory services in connection with the sale of the Bonds and to enter into a contract with Bass, Berry & Sims PLC to serve as bond counsel in connection with the Bonds, and all actions heretofore taken by the officers of the Municipality in that regard are hereby ratified and approved.

(f) No Bonds attributable to the Projects shall be issued until publication of the Initial Resolution in a newspaper of general circulation in the Municipality and the passage of 20 days from the date of publication thereof, and in no event shall the Bonds be issued if a legally sufficient petition, as defined by Section 9-21-207, Tennessee Code Annotated, is filed within such 20-day period.

Section 9. Disposition of Bond Proceeds. The proceeds of the sale of the Bonds shall be disbursed as follows:

(a) An amount sufficient, together with such other Municipality funds as may be identified by the Mayor and, if applicable, investment earnings on the foregoing, to refund the Refunded Indebtedness shall be applied to the refunding thereof by depositing such funds with the Refunding Escrow Agent.

(b) The remainder of the proceeds of the sale of the Bonds shall be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency in a special fund known as the 2014 Construction Fund (the "Construction Fund"), or such other designation as shall be determined by the Mayor to be kept separate and apart from all other funds of the Municipality. The Municipality shall disburse funds in the Construction Fund to pay costs of issuance of the Bonds,

including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds. Notwithstanding the foregoing, costs of issuance of the Bonds may be withheld from the good faith deposit or purchase price of the Bonds and paid to the Financial Advisor to be used to pay costs of issuance of the Bonds. The remaining funds in the Construction Fund shall be disbursed solely to pay the costs of the Projects and to reimburse the Municipality for any funds previously expended for costs of the Projects. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be invested in such investments as shall be permitted by applicable law to the extent permitted by applicable law.

Section 10. Official Statement. The officers of the Municipality are hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Bonds. After bids have been received and the Bonds have been awarded, the officers of the Municipality shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The officers of the Municipality shall arrange for the delivery to the successful bidder on the Bonds of a reasonable number of copies of the Official Statement within seven business days after the Bonds have been awarded for delivery, by the successful bidder on the Bonds, to each potential investor requesting a copy of the Official Statement and to each person to whom such bidder and members of his bidding group initially sell the Bonds.

The officers of the Municipality, or any of them, are authorized, on behalf of the Municipality, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Municipality except for the omission in the Preliminary Official Statement of such pricing and other information.

Notwithstanding the foregoing, no Official Statement is required to be prepared if the Bonds, or any series thereof, are purchased by a purchaser that certifies that such purchaser intends to hold the Bonds, or any series thereof, for its own account and has no present intention to reoffer the Bonds, or any series thereof.

Section 11. Refunding Escrow Agreement. For the purpose of providing for the payment of the principal of and premium, if any, and interest on the Refunded Indebtedness, the Mayor is hereby authorized and directed to select the Refunding Escrow Agent and is further authorized and directed to execute and the City Recorder to attest on behalf of the Municipality the Refunding Escrow Agreement with the Refunding Escrow Agent and to deposit with the Refunding Escrow Agent the amounts to be used by the Refunding Escrow Agent to purchase Government Securities as provided therein; provided, however, that the yield on such investments shall be determined in such manner that none of the Bonds will be an "arbitrage bond" within the meaning of Section 148(a) of the Code. The form of the Refunding Escrow Agreement presented to this meeting and attached hereto as Exhibit A is hereby in all respects approved and the Mayor and the City Recorder are hereby authorized and directed to execute and deliver same on behalf of the Municipality in substantially the form thereof presented to this meeting, or with such changes as may be approved by the Mayor and the City Recorder, their execution thereof to constitute conclusive evidence of their approval of all such changes, including modifications to the

Refunding Escrow Agreement. The Refunding Escrow Agent is hereby authorized and directed to hold and administer all funds deposited in trust for the payment when due of principal of and premium, if any, and interest on the Refunded Indebtedness and to exercise such duties as set forth in the Refunding Escrow Agreement.

Section 12. Redemption and Prepayment of the Refunded Indebtedness. The Mayor and the City Recorder, or either of them, are hereby authorized and directed to take all steps necessary to prepay or redeem the Refunded Indebtedness at their earliest possible prepayment or redemption date, including the giving of and publication of any prepayment or redemption notice as required by the resolutions authorizing the issuance of the Refunded Indebtedness.

Section 13. Discharge and Satisfaction of Bonds. If the Municipality shall pay and discharge the indebtedness evidenced by any series of the Bonds in any one or more of the following ways:

(a) By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (an "Agent"; which agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

(c) By delivering such Bonds to the Registration Agent for cancellation by it;

and if the Municipality shall also pay or cause to be paid all other sums payable hereunder by the Municipality with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such escrow agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the Municipality to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the Municipality shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Municipality as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest

earned from such reinvestments shall be paid over to the Municipality, as received by the Registration Agent. For the purposes of this Section, Defeasance Obligations shall direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee Law for the purposes described in this Section, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

Section 14. Federal Tax Matters Related to the Bonds.

(a) The Bonds will be issued as federally tax-exempt bonds. The Municipality hereby covenants that it will not use, or permit the use of, any proceeds of the Bonds in a manner that would cause the Bonds to be subjected to treatment under Section 148 of the Code, and applicable regulations thereunder, as an "arbitrage bond". To that end, the Municipality shall comply with applicable regulations adopted under said Section 148. The Municipality further covenants with the registered owners from time to time of the Bonds that it will, throughout the term of the Bonds and through the date that the final rebate, if any, must be made to the United States in accordance with Section 148 of the Code, comply with the provisions of Sections 103 and 141 through 150 of the Code and all regulations proposed and promulgated thereunder that must be satisfied in order that interest on the Bonds shall be and continue to be excluded from gross income for federal income tax purposes under Section 103 of the Code.

(b) It is reasonably expected that the Municipality will reimburse itself for certain expenditures made by it in connection with the Projects by issuing the Bonds. This resolution shall be placed in the minutes of the Governing Body and shall be made available for inspection by the general public at the office of the Governing Body. This resolution constitutes a declaration of official intent under Treas. Reg. §1.150-2.

(c) The Governing Body hereby delegates to the Mayor the authority to designate, and determine whether to designate, the Bonds as "qualified tax-exempt obligations," as defined in Section 265 of the Code, to the extent the Bonds are not deemed designated as such and may be designated as such.

(d) The appropriate officers of the Municipality are authorized and directed, on behalf of the Municipality, to execute and deliver all such certificates and documents that may be required of the Municipality in order to comply with the provisions of this Section related to the issuance of the Bonds.

Section 15. Continuing Disclosure. The Municipality hereby covenants and agrees that it will provide annual financial information and material event notices if and as required by Rule 15c2-12 of the Securities Exchange Commission for the Bonds. The Mayor is authorized to execute at the Closing of the sale of the Bonds an agreement for the benefit of and enforceable by the owners of the Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of the Municipality to comply with the undertaking herein described and to be detailed in said closing agreement shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the Municipality to comply with their undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 16. Reasonably Expected Economic Life. The "reasonably expected economic life" of the Project within the meaning of Sections 9-21-101, et seq., Tennessee Code Annotated, is greater than the term of the Bonds authorized herein.

Section 17. Resolution a Contract. The provisions of this resolution shall constitute a contract between the Municipality and the registered owners of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of any kind in the provisions of this resolution shall be made in any manner until such time as the Bonds and interest due thereon shall have been paid in full.

Section 18. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 19. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Duly adopted and approved on July 8, 2014.

Mayor

Attested:

City Recorder

STATE OF TENNESSEE)

COUNTY OF SUMNER)

I, Connie Kittrell, certify that I am the duly qualified and acting City Recorder of City of Gallatin, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a special called meeting of the governing body of the Municipality held on July 8, 2014; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to the Municipality's General Obligation Bonds.

WITNESS my official signature and seal of said Municipality on _____, 2014.

City Recorder

(SEAL)

EXHIBIT A

FORM OF REFUNDING ESCROW AGREEMENT

CITY OF GALLATIN, TENNESSEE

\$ _____ GENERAL OBLIGATION BONDS, SERIES 2014

REFUNDING ESCROW AGREEMENT

This Refunding Escrow Agreement is made and entered into as of _____, 2014, by and between the City of Gallatin, Tennessee (the "Issuer") and _____ (the "Agent").

WITNESSETH:

WHEREAS, the Issuer has determined to provide for payment of the debt service requirements of certain of its outstanding debt obligations, as described herein (the "Outstanding Obligations") by depositing in escrow with the Agent funds sufficient to pay the principal of and interest on the Outstanding Obligations as set forth on Exhibit A hereto; and

WHEREAS, in order to obtain the funds needed to refund the Outstanding Obligations, the Issuer has authorized and issued its General Obligation Bonds, Series 2014 (the "Refunding Bonds"); and

WHEREAS, a portion of the proceeds derived from the sale of the Refunding Bonds, together with legally available funds of the Issuer, will be deposited in escrow with the Agent hereunder and applied to the purchase of certain securities described herein, the principal amount thereof together with interest thereon to mature at such times and in such amounts as shall be sufficient to pay when due all of the principal of and interest on the Outstanding Obligations as set forth on Exhibit A; and

WHEREAS, in order to create the escrow hereinabove described, provide for the deposit of said Refunding Bond proceeds and other funds of the Issuer and the application thereof, and to provide for the payment of the Outstanding Obligations, the parties hereto do hereby enter into this Agreement;

NOW, THEREFORE, the Issuer, in consideration of the foregoing and the mutual covenants herein set forth and in order to secure the payment of the Outstanding Obligations according to their tenor and effect, does by these presents hereby grant, warrant, demise, release, convey, assign, transfer, alien, pledge, set over and confirm, to the Agent, and to its successors hereunder, and to it and its assigns forever, in escrow, all and singular the property hereinafter described to wit:

DIVISION I

All right, title and interest of the Issuer in and to \$ _____, consisting of \$ _____ derived from the proceeds of the sale of the Refunding Bonds and \$ _____ from other legally available funds of the Issuer,

DIVISION II

All right, title and interest of the Issuer in and to the Government Securities purchased with the funds described in Division I hereof and more particularly described in Exhibit B, attached hereto, and to all income, earnings and increment derived from or accruing to the Government Securities.

DIVISION III

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred in escrow hereunder by the Issuer or by anyone in its behalf to the Agent, which is hereby authorized to receive the same at any time to be held in escrow hereunder.

DIVISION IV

All property that is by the express provisions of this Agreement required to be subject to the pledge hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subject to the pledge hereof, by the Issuer or by anyone in its behalf, and the Agent is hereby authorized to receive the same at any time to be held in escrow hereunder.

TO HAVE AND TO HOLD, all and singular, the escrowed property, including all additional property which by the terms hereof has or may become subject to this Agreement, unto the Agent, and its successors and assigns, forever.

The escrowed property shall be held in escrow for the benefit and security of the owners from time to time of the Outstanding Obligations; but if the principal of and interest on the Outstanding Obligations shall be fully and promptly paid when due in accordance with the terms hereof, then this Agreement shall be and become void and of no further force and effect, otherwise the same shall remain in full force and effect, subject to the covenants and conditions hereinafter set forth.

ARTICLE I. DEFINITIONS AND CONSTRUCTION

SECTION 1.1 Definitions. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

"Agreement" means this Refunding Escrow Agreement;

"Code" means the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated thereunder;

"Escrow Fund" shall have the meaning ascribed to it in Section 2.1 hereof;

"Escrow Property", "escrow property" or "escrowed property" means the property, rights and interest of the Issuer that are described in Divisions I through IV of this Agreement and hereinabove conveyed in escrow to the Agent;

"Government Securities" means obligations and securities described in Section 9-21-914, Tennessee Code Annotated;

"Outstanding Obligations" means Water and Sewer Revenue and Tax Refunding Bonds, Series 2004, dated March 1, 2004, and its General Obligation Improvement Bonds, Series 2007, dated February 28, 2007 and maturing in 2018 and thereafter; and

"Written Request" means a request in writing signed by the Mayor of the Issuer or by any other officer or official of the Issuer duly authorized by the Issuer to act in the place of the Mayor.

SECTION 1.2 Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word "person" shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

ARTICLE II. ESTABLISHMENT AND ADMINISTRATION OF FUNDS

SECTION 2.1 Creation of Escrow: Deposit of Funds. The Issuer hereby creates and establishes with the Agent a special and irrevocable escrow composed of the Escrowed Property and hereby deposits with the Agent and the Agent hereby acknowledges receipt of \$_____ as described in Division I hereof. The monies so deposited, together with investment income therefrom, is herein referred to as the "Escrow Fund" and shall constitute a fund to be held by the Agent as a part of the Escrowed Property created, established, and governed by this Agreement.

SECTION 2.2 Investment of Funds. The monies described in Section 2.1 hereof shall be held or invested as follows:

- (a) the amount of \$_____ shall be used to purchase the Government Securities described on Exhibit B attached hereto; and
- (b) the amount of \$_____ shall be held as cash in a non-interest-bearing account.

Except as provided in Sections 2.4 and 2.6 hereof, the investment income from the Government Securities in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Agent shall have no power or duty to invest any monies held hereunder or to make substitutions of Government Securities held hereunder or to sell, transfer, or otherwise dispose of the Government Securities acquired hereunder except as provided herein.

SECTION 2.3 Disposition of Escrow Funds. The Agent shall without further authorization or direction from the Issuer collect the principal and interest on the Government Securities promptly as the same shall fall due. From the Escrow Fund, to the extent that monies therein are sufficient for such purpose, the Agent shall make timely payments to the paying agent or its successor, for the Outstanding Obligations of monies sufficient for the payment of the principal of and interest on the Outstanding Obligations as the same shall become due and payable. Amounts and dates of principal and interest payments and the name and address of the paying agent with respect to the Outstanding Obligations are set forth on Exhibit A. Payment on the dates and to the paying agent in accordance with Exhibit A shall constitute full performance by the Agent of its duties hereunder with respect to each respective payment. The Issuer represents and warrants that the Escrow Fund, if held, invested and disposed of by the Agent in accordance with the provisions of this Agreement, will be sufficient to make the foregoing payments. No paying agent fees, fees and expenses of the Agent, or any other costs and expenses associated with the Refunding Bonds or the Outstanding Obligations shall be paid from the Escrow Fund, and the Issuer agrees to pay all such fees, expenses, and costs from its legally available funds as such payments become due. When the Agent has made all required payments of principal and interest on the Outstanding Obligations to the paying agent as hereinabove provided, the Agent shall transfer any monies or Government Securities then held hereunder to the Issuer and this Agreement shall terminate.

SECTION 2.4 Excess Funds. Except as provided in Section 2.6 hereof, amounts held by the Agent, representing interest on the Government Securities in excess of the amount necessary to make the corresponding payment of principal and/or interest on the Outstanding Obligations, shall be held by the Agent without interest and shall be applied before any other Escrow Fund monies to the payment of the next ensuing principal and/or interest payment on the Outstanding Obligations. Upon retirement of all the Outstanding Obligations, the Agent shall pay any excess amounts remaining in the Escrow Fund to the Issuer.

SECTION 2.5 Reports. The Agent shall deliver to the City Recorder of the Issuer, within 90 days of the close of the Issuer's fiscal year, a report current as of the end of such fiscal year, which shall summarize all transactions relating to the Escrow Fund effected during the immediately preceding fiscal year of the Issuer and which also shall set forth all assets in the Escrow Fund as of the end of such fiscal year and set forth opening and closing balances thereof for that fiscal year. The Agent shall also deliver to the City Recorder, within 90 days following the final disposition of funds herefrom, a report summarizing all transactions relating to the Escrow Fund effected during the term thereof.

SECTION 2.6 Investment of Moneys Remaining in Escrow Fund. The Agent may invest and reinvest any monies remaining from time to time in the Escrow Fund until such time as they are needed. Such monies shall be invested in Government Securities, maturing no later than the next interest payment date of the Outstanding Obligations, or for such periods or at such interest rates as the Agent shall be directed by Written Request, provided, however, that the Issuer shall furnish the Agent, as a condition precedent to such investment, with an opinion from nationally recognized bond counsel stating that such reinvestment of such monies will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds or the Outstanding Obligations not to be excluded from gross income for Federal income tax purposes and that such investment is not inconsistent with the statutes and regulations applicable to the Refunding Bonds and Outstanding Obligations. Any interest income resulting from reinvestment of monies pursuant to this Section 2.6 shall be applied first to the payment of principal of and interest on the Outstanding Obligations to the extent the Escrow is or will be insufficient to retire the Outstanding Obligations as set forth on Exhibit A and any excess shall be paid to the Issuer to be applied to the payment of the Refunding Bonds or the expenses of issuance thereof.

SECTION 2.7 Irrevocable Escrow Created. The deposit of monies, Government Securities, matured principal amounts thereof, and investment proceeds therefrom in the Escrow Fund shall constitute an irrevocable deposit of said monies and Government Securities for the benefit of the holders of the Outstanding Obligations, except as provided herein with respect to amendments permitted under Section 4.1 hereof. All the funds and accounts created and established pursuant to this Agreement shall be and constitute escrow funds for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the Issuer and the Agent and used only for the purposes and in the manner provided in this Agreement.

SECTION 2.8 Redemption of Outstanding Obligations. The Outstanding Obligations shall be redeemed as stated on Exhibit C attached hereto. The Agent is authorized to give notice to the paying agents for the Outstanding Obligations not less than 45 days prior to the redemption date of the Outstanding Obligations directing the paying agents to give notice to the holders of the Outstanding Obligations as and when required by the resolutions authorizing the Outstanding Obligations.

ARTICLE III.
CONCERNING THE AGENT

SECTION 3.1 Appointment of Agent. The Issuer hereby appoints the Agent as escrow agent under this Agreement.

SECTION 3.2 Acceptance by Agent. By execution of this Agreement, the Agent accepts the duties and obligations as Agent hereunder. The Agent further represents that it has all requisite power, and has taken all corporate actions necessary to execute the escrow hereby created.

SECTION 3.3 Liability of Agent. The Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the Issuer or any paying agent of its obligations, or to protect any of the Issuer's rights under any bond proceedings or any of the Issuer's other contracts with or franchises or privileges from any state, county, Issuer or other governmental agency or with any person. The Agent shall not be liable for any act done or step taken or omitted to be taken by it, or for any mistake of fact or law, or anything which it may do or refrain from doing, except for its own gross negligence or willful misconduct in the performance or nonperformance of any obligation imposed upon it hereunder. The Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein or in the Outstanding Obligations or in the Refunding Bonds or in any proceedings taken in connection therewith, but they are made solely by the Issuer. The Agent shall have no lien whatsoever upon any of the monies or investments in the Escrow Fund for the payment of fees and expenses for services rendered by the Agent under this Agreement.

The Agent shall not be liable for the accuracy of the calculations as to the sufficiency of Escrow Fund monies and Government Securities and the earnings thereon to pay the Outstanding Obligations. So long as the Agent applies any monies, the Government Securities and the interest earnings therefrom to pay the Outstanding Obligations as provided herein, and complies fully with the terms of this Agreement, the Agent shall not be liable for any deficiencies in the amounts necessary to pay the Outstanding Obligations caused by such calculations. The Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with the provisions hereof.

In the event of the Agent's failure to account for any of the Government Securities or monies received by it, said Government Securities or monies shall be and remain the property of the Issuer in escrow for the benefit of the holders of the Outstanding Obligations, as herein provided, and if for any improper reason such Government Securities or monies are applied to purposes not provided for herein or misappropriated by the Agent, the assets of the Agent shall be impressed with a trust for the amount thereof until the required application of such funds shall be made or such funds shall be restored to the Escrow Fund.

SECTION 3.4 Permitted Acts. The Agent and its affiliates may become the owner of or may deal in the Refunding Bonds or Outstanding Obligations as fully and with the same rights as if it were not the Agent.

SECTION 3.5 Exculpation of Funds of Agent. Except as set forth in Section 3.3, none of the provisions contained in this Agreement shall require the Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

SECTION 3.6 Payment of Deficiency by Issuer. The Issuer agrees that it will promptly and without delay remit or cause to be remitted to the Agent within ten (10) days after receipt of the Agent's written request, such additional sum or sums of money as may be necessary in excess of the sums provided for under Section 2.1 hereof to assure the payment when due of the principal of, premium, if any, and interest on the Outstanding Obligations.

SECTION 3.7 No Redemption or Acceleration of Maturity. The Agent will not pay any of the principal of or interest on the Outstanding Obligations, except as provided in Exhibit A attached hereto and will not redeem or accelerate the maturity of any of the Outstanding Obligations except as provided in Section 2.8 hereof.

SECTION 3.8 Qualifications of Agent. There shall at all times be an Agent hereunder that shall be a corporation or banking association organized and doing business under the laws of the United States or any state, authorized under the laws of its incorporation to exercise the powers herein granted, having a combined capital, surplus, and undivided profits of at least \$75,000,000 and subject to supervision or examination by federal or state authority. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital, surplus, and undivided profits of such corporation or association shall be deemed to be its combined capital, surplus, and undivided profits as set forth in its most recent report of condition as published. In case at any time the Agent shall cease to be eligible in accordance with the provisions of this section, the Agent shall resign immediately in the manner and with the effect specified herein.

SECTION 3.9 Resignation of Agent. The Agent may at any time resign by giving direct written notice to the Issuer and by giving the holders of the Outstanding Obligations notice by first-class mail of such resignation. Upon receiving such notice of resignation, the Issuer shall promptly appoint a successor escrow agent by resolution of its governing body. If no successor escrow agent shall have been appointed and have accepted appointment within thirty (30) days after the publication of such notice of resignation, the resigning Agent may petition any court of competent jurisdiction located in Sumner County, Tennessee for the appointment of a successor, or any holder of the Outstanding Obligations may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor meeting the qualifications set forth in Section 3.8. The Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

SECTION 3.10 Removal of Agent. In case at any time the Agent shall cease to be eligible in accordance with the provisions of Section 3.8 hereof and shall fail to resign after written request therefor by the Issuer or by any holder of the Outstanding Obligations, or the Agent shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Agent or any of its property shall be appointed, or any public officer shall take charge or control of the Agent or its property or affairs for the purpose of rehabilitation, conservation, or liquidation, then in any such case, the Issuer may remove the Agent and appoint a successor by resolution of its governing body or any such bondholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction situated in the Issuer for the removal of the Agent and the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, remove the Agent and appoint a successor who shall meet the qualifications set forth in Section 3.8. Unless incapable of serving, the Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

The holders of a majority in aggregate principal amount of all the Outstanding Obligations at any time outstanding may at any time remove the Agent and appoint a successor by an instrument or

concurrent instruments in writing signed by such bondholders and presented, together with the successor's acceptance of appointment, to the Issuer and the Agent.

Any resignation or removal of the Agent and appointment of a successor pursuant to any of the provisions of this Agreement shall become effective upon acceptance of appointment by the successor as provided in Section 3.11 hereof.

SECTION 3.11 Acceptance by Successor. Any successor escrow agent appointed as provided in this Agreement shall execute, acknowledge and deliver to the Issuer and to its predecessor an instrument accepting such appointment hereunder and agreeing to be bound by the terms hereof, and thereupon the resignation or removal of the predecessor shall become effective and such successor, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Agent herein; but, nevertheless, on Written Request of the Issuer or the request of the successor, the predecessor shall execute and deliver an instrument transferring to such successor all rights, powers and escrow property of the predecessor. Upon request of any such successor, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor all such rights, powers and duties. No successor shall accept appointment as provided herein unless at the time of such acceptance such successor shall be eligible under the provisions of Section 3.8 hereof.

Any corporation into which the Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Agent shall be a party, or any corporation succeeding to the business of the Agent, shall be the successor of the Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor shall be eligible under the provisions of Section 3.8 hereof.

SECTION 3.12 Payment to Agent. The Issuer agrees to pay the Agent, as reasonable and proper compensation under this Agreement, an annual fee of \$_____, payable on the date hereof and on each anniversary thereof until the term of this Agreement is concluded. The Agent shall be entitled to reimbursement of all advances, counsel fees and expenses, and other costs made or incurred by the Agent in connection with its services and/or its capacity as Agent or resulting therefrom. In addition, the Issuer agrees to pay to the Agent all out-of-pocket expenses and costs of the Agent incurred by the Agent in the performance of its duties hereunder, including all publication, mailing and other expenses associated with the redemption of the Outstanding Obligations; provided, however, that the Issuer agrees to indemnify the Agent and hold it harmless against any liability which it may incur while acting in good faith in its capacity as Agent under this Agreement, including, but not limited to, any court costs and attorneys' fees, and such indemnification shall be paid from available funds of the Issuer and shall not give rise to any claim against the Escrow Fund.

ARTICLE IV. MISCELLANEOUS

SECTION 4.1 Amendments to this Agreement. This Agreement is made for the benefit of the Issuer, the holders from time to time for the Outstanding Obligations, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Agent and the Issuer; provided, however, that the Issuer and the Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Agent for the benefit of the holders of the Outstanding Obligations, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Outstanding Obligations, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Notwithstanding the foregoing or any other provision of this Agreement, upon Written Request and upon compliance with the conditions hereinafter stated, the Agent shall have the power to and shall, in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of the Government Securities held hereunder and to substitute therefor direct obligations of, or obligations the principal of and interest on which are fully guaranteed by the United States of America, subject to the condition that such monies or securities held by the Agent shall be sufficient to pay principal of and interest on the Outstanding Obligations. The Issuer hereby covenants and agrees that it will not request the Agent to exercise any of the powers described in the preceding sentence in any manner which will cause the Refunding Bonds to be arbitrage bonds within the meaning of Section 148 of the Code in effect on the date of such request and applicable to obligations issued on the issue date of the Refunding Bonds. The Agent shall purchase such substituted securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the Government Securities held hereunder or from other monies available. The transactions may be effected only if there shall have been submitted to the Agent: (1) an independent verification by a nationally recognized independent certified public accounting firm concerning the adequacy of such substituted securities with respect to principal and the interest thereon and any other monies or securities held for such purpose to pay when due the principal of and interest on the Outstanding Obligations in the manner required by the proceedings which authorized their issuance; and (2) an opinion from nationally recognized bond counsel to the effect that the disposition and substitution or purchase of such securities will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds not to be exempt from Federal income taxation. Any surplus monies resulting from the sale, transfer, other disposition or redemption of the Government Securities held hereunder and the substitutions therefor of direct obligations of, or obligations the principal of and interest on which is fully guaranteed by, the United States of America, shall be released from the Escrow Fund and shall be transferred to the Issuer.

SECTION 4.2 Severability. If any provision of this Agreement shall be held or deemed to be invalid or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

SECTION 4.3 Governing Law. This Agreement shall be governed and construed in accordance with the law of the State of Tennessee.

SECTION 4.4 Notices. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by Registered or Certified Mail, postage prepaid, or sent by telegram as follows:

To the Issuer:

City of Gallatin, Tennessee
132 West Main Street
Gallatin, Tennessee 37066
Attention: Finance Director

To the Agent:

The Issuer and the Agent may designate in writing any further or different addresses to which subsequent notices, requests, communications or other papers shall be sent.

SECTION 4.5 Agreement Binding. All the covenants, promises and agreements in this Agreement contained by or on behalf of the parties shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 4.6 Termination. This Agreement shall terminate when all transfers and payments required to be made by the Agent under the provisions hereof shall have been made.

SECTION 4.7 Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

(signature page follows)

IN WITNESS WHEREOF, the Issuer and the Agent have caused this Agreement to be executed
all as of the day and date first above written.

CITY OF GALLATIN, TENNESSEE

By: _____
Mayor

City Recorder

Escrow Agent

By: _____
Title: _____

EXHIBIT A

Debt Service Schedule of _____, dated _____, maturing _____, to the Maturity Date, With Name and Address of the Paying Agent and Date and Amount of Payment

<u>Payment</u> <u>Date</u>	<u>Principal</u> <u>Payable</u>	<u>Interest</u> <u>Payable</u>	<u>Premium</u>	<u>Total Debt</u> <u>Service</u>
-------------------------------	------------------------------------	-----------------------------------	----------------	-------------------------------------

Paying Agent:

_____, _____

EXHIBIT B

[Insert Description of Securities]

Total Cost of Securities: \$
Initial Cash Deposit: \$

EXHIBIT C

NOTICE OF REDEMPTION
CITY OF GALLATIN, TENNESSEE

NOTICE IS HEREBY GIVEN that the City of Gallatin, Tennessee (the "Issuer"), has elected to and does exercise its option to call and redeem on _____ the Issuer's outstanding debt obligations (the "Outstanding Obligations") as follows:

[Outstanding Obligations]

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Cusip No.</u>
----------------------	-------------------------	----------------------	------------------

The owners of the above-described Outstanding Obligations are hereby notified to present the same to the offices of _____ as follows, where redemption shall be made at the redemption price of ____% of par, plus interest accrued to the redemption date:

If by Mail: (REGISTERED Bonds)

If by Hand or Overnight Mail:

The redemption price will become due and payable on _____, upon each such Bond herein called for redemption and such Bond shall not bear interest beyond _____.

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

Registration and Paying Agent

CITY OF GALLATIN, TENNESSEE

SUPPLEMENTAL RESOLUTION NO. 3

adopted July 8, 2014

authorizing not to exceed

\$6,000,000 Water and Sewer Revenue Refunding and Improvement Bonds,

Series 2014

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I. DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION.....	2
Section 1.01 Definitions	2
Section 1.02 Incorporation of Terms of Master Resolution	2
Section 1.03 Findings of the Governing Body	2
ARTICLE II. THE SERIES 2014 BONDS.....	3
Section 2.01 Terms of Series 2014 Bonds; Book-Entry Form; Securities Depository.....	3
Section 2.02 Delivery of the Series 2014 Bonds	4
Section 2.03 Form of Series 2014 Bonds	5
Section 2.04 Designation of Trustee, Paying Agent and Bond Registrar	5
Section 2.05 Security and Source of Payment.....	5
Section 2.06 No Debt Service Reserve Account	5
Section 2.07 Sinking Fund Sub-Accounts.....	5
ARTICLE III. REDEMPTION OF SERIES 2014 BONDS	6
Section 3.01 Redemption.....	6
Section 3.02 Optional Redemption.....	6
Section 3.03 Mandatory Sinking Fund Redemption	6
Section 3.04 Payment of Series 2014 Bonds Upon Redemption.....	6
ARTICLE IV. DISPOSITION OF SERIES 2014 BOND PROCEEDS	6
ARTICLE V. REFUNDING MATTERS	7
Section 5.01 Final Determination of Refunded Bonds.....	7
Section 5.02 Refunding Escrow Agreement.....	7
Section 5.03 Notices of Redemption and Notices of Refunding	7
ARTICLE VI. MISCELLANEOUS	8
Section 6.01 Resolution a Contract	8

Section 6.02	Engagement of Financial Advisor and Bond Counsel.....	8
Section 6.03	Separability.....	8
Section 6.04	Repeal of Conflicting Resolutions and Effective Date.....	8
Section 6.05	Qualified Tax-Exempt Obligations	8
Section 6.06	Governing Law	8

EXHIBIT A – Form of Series 2014 Bond

EXHIBIT B – Form of Refunding Escrow Agreement

SUPPLEMENTAL RESOLUTION NO. 3

A RESOLUTION, SUPPLEMENTAL TO THE MASTER RESOLUTION PERTAINING TO WATER AND SEWER REVENUE OBLIGATIONS, AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$6,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER SYSTEM REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2014 OF THE CITY OF GALLATIN, TENNESSEE; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID SERIES 2014 BONDS; AND ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM.

WHEREAS, the City of Gallatin, Tennessee (the "City") owns and operates a water and sewer system (the "System"); and

WHEREAS, under and by virtue of Sections 7-34-101 et seq. and 9-21-101 et seq., Tennessee Code Annotated (the "Act"), the City is authorized to issue bonds, interim certificates and notes (the "Revenue Obligations") to, among other matters, finance the construction, acquisition, reconstructing, improvement or extension of the System and refund other obligations issued for such purposes; and

WHEREAS, the City Council of the City did adopt on July 15, 2008 a Master Resolution (the "Master Resolution") for the purpose of making covenants and agreements with respect to the Revenue Obligations, providing security for such Revenue Obligations, providing flexibility for System operations, and permitting the use of new financing devices and structures in the future; and

WHEREAS, the City has determined that it is necessary and advisable to issue its Revenue Obligations for the purposes of providing funds to (1) refund its Water and Sewer Revenue and Tax Refunding Bonds, Series 2004, dated March 1, 2004, maturing 2015 and thereafter (the "Outstanding Bonds") and (2) finance extensions and improvements to the System, and accordingly, is adopting this Supplemental Resolution for such purposes.

WHEREAS, the Master Resolution sets forth the covenants and agreements to be applicable for all Revenue Obligations relating to the System and the general security provisions for each type of Revenue Obligation to be issued by the City under the Master Resolution; and

WHEREAS, each series of Revenue Obligations is to be issued in accordance with the provisions of the Master Resolution, including the provisions required for the issuance thereof, and pursuant to a resolution supplementing the Master Resolution providing for the particular terms of such Revenue Obligations.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Gallatin, Tennessee, as follows:

ARTICLE I.

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01 Definitions. All capitalized terms used herein but not defined in the preamble hereto or in this Section 1.01 shall have the meanings ascribed to those terms in the Master Resolution. If any term is defined both in the Master Resolution and in this Supplemental Resolution, the terms used in this Supplemental Resolution shall have the meaning provided in this Supplemental Resolution. The following terms shall have the following meanings in this Supplemental Resolution unless the text expressly, or by necessary implication, requires otherwise:

“Closing Date” shall mean the date of the issuance and delivery of the Series 2014 Bonds.

“Financial Advisor” shall mean Wiley Bros. – Aintree Capital, LLC.

“Outstanding Bonds” shall have the meaning ascribed to it in the preambles.

“Project” shall mean capital improvements to the System, including without limitation, improvements to and expansion of the System’s water treatment plan.

“Redemption Date” when used with respect to any Series 2014 Bonds to be redeemed shall mean the date on which it is to be redeemed pursuant hereto.

“Redemption Price” when used with respect to any Series 2014 Bond to be redeemed shall mean the price at which it is to be redeemed pursuant thereto.

“Refunded Bonds” mean the maturities and portions of maturities of the Outstanding Bonds designated for refunding pursuant to Section 5.02 hereof;

“Refunding Escrow Agent” shall mean the escrow agent appointed by the Mayor, acting as escrow agent under the Refunding Escrow Agreement or any successor.

“Refunding Escrow Agreement” shall mean a Refunding Escrow Agreement described in Section 5.03 hereof between the City and the Refunding Escrow Agent, providing for the deposit and investment of a portion of the proceeds of the Series 2014 Bonds and the redemption of the Refunded Bonds, all in substantially the form presented ad Exhibit B attached hereto.

“Series 2014 Bonds” shall mean the City’s Water and Sewer Revenue Refunding and Improvement Bonds, Series 2014.

Section 1.02 Incorporation of Terms of Master Resolution. Except as specifically modified by this Supplemental Resolution, the terms, provisions and conditions of the Master Resolution shall be fully applicable to the Series 2014 Bonds and incorporated herein as if fully set forth.

Section 1.03 Findings of the Governing Body. It is hereby found and determined by the Governing Body as follows:

(a) The refunding of the Refunded Bonds, as set forth herein, through the issuance of the Bonds will result in the reduction in debt service payable by the City over the term of the Refunded Bonds thereby effecting a cost savings to the public.

(b) A plan of refunding for the Refunded Bonds has been filed with the Director of State and Local Finance and she has issued her report thereon, a copy of which has been made available to the members of the Governing Body.

(c) The issuance of the Series 2014 Bonds pursuant to the terms hereof complies in all respects with the City's debt management policy.

ARTICLE II.

THE SERIES 2014 BONDS

Section 2.01 Terms of Series 2014 Bonds; Book-Entry Form; Securities Depository.

(a) For the purposes of providing funds to pay the Costs of the Project, to refund the Refunded Bonds and to pay costs of issuance of the Series 2014 Bonds, there are hereby authorized to be issued Revenue Obligations in an aggregate principal amount of not to exceed \$6,000,000. The Series 2014 Bonds shall be known as "Water and Sewer Revenue Refunding and Improvement Bonds, Series 2014". The Series 2014 Bonds shall be dated the date of their delivery or such other date as shall be determined by the Mayor pursuant to Section 2(b) hereof. The Series 2014 Bonds shall bear interest from their date at a rate or rates not exceeding 5.00% per annum payable semi-annually on January and July in each year, commencing January 1, 2015. The Series 2014 Bonds shall mature, subject to prior redemption as hereinafter provided, either serially or through mandatory sinking fund redemptions as described herein, commencing on January 1, 2015 and ending no later than July 1, 2029, in such amounts as shall be established by the Mayor of the City, taking into account the cash flow and operational needs of the System.

(b) In accordance with subsection (c) below, the Series 2014 Bonds shall be sold at competitive sale by the Mayor, in consultation with the Financial Advisor, at a price of not less than 98% of par, exclusive of original issue discount. The City hereby authorizes the Mayor, upon consultation with the Financial Advisor, to make a determination as to when the Series 2014 Bonds should be sold and to make such changes in the structuring of the terms of sale of the Series 2014 Bonds as she shall deem necessary to accomplish the purposes described herein. In this regard, she, in consultation with the Financial Advisor, is authorized to cause to be sold an aggregate principal amount of Series 2014 Bonds less than that authorized herein, to sell any or all of the Series 2014 Bonds as term bonds with annual mandatory redemption requirements, to adjust principal and interest payment dates and redemption dates and redemption premiums of the Series 2014 Bonds and to change the series designation of the Series 2014 Bonds. The Mayor is authorized to award and issue the Series 2014 Bonds to the bidder whose bid results in the lowest true interest cost for the City. The sale of the Series 2014 to such bidder shall be binding on the City and no further action of the Governing Body with respect thereto shall be required.

(c) The Series 2014 Bonds shall be executed on behalf of the City, authenticated by the Bond Registrar as provided in Section 2.03 of the Master Resolution and delivered to the winning bidder therefor. The officers of the City executing the Series 2014 Bonds, or either of them, is authorized to execute, publish, and deliver all certificates and documents, including an official statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Series 2014 Bonds.

(d) The Series 2014 Bonds shall be issued in fully registered form without coupons in Authorized Denominations and shall be issued in book-entry form as provided in Section 2.10 of the Master Resolution.

(e) The principal of and premium, if any, on the Series 2014 Bonds shall be payable in lawful money of the United States of America at the principal office of the Paying Agent. Payment of interest on the Series 2014 Bonds shall be made to the Owner thereof on the applicable Record Date by check mailed by the Paying Agent to such Owner at its address as it appears on the registration books maintained by the Bond Registrar or at such other address as is furnished to the Paying Agent in writing by such Owner, or in such other manner as may be mutually acceptable to the Paying Agent and the Owner of any Series 2014 Bond. While the Series 2014 Bonds are held under the Book-Entry System, all payments with respect to the Series 2014 Bonds shall be paid by wire transfer to the Securities Depository or its nominee. Any interest payments hereunder with respect to the Series 2014 Bonds shall accrue to but excluding the date of payment. If any payment with respect to Series 2014 Bonds would otherwise be payable on a date that is not a Business Day, such payment shall be made on the immediately succeeding Business Day without any additional interest accruing with respect thereto.

(f) The Series 2014 Bonds shall be numbered as determined by the Registrar, provided that each Series 2014 Bond shall bear a number preceded by the prefix "R."

(g) The preparation and distribution of a Preliminary Official Statement describing the Series 2014 Bonds is hereby approved and ratified in all respects. After the Series 2014 Bonds have been sold, the Mayor shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this Supplemental Resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(b)(3) of the Securities and Exchange Commission. The Mayor shall arrange for the delivery to the winning bidder of a reasonable number of copies of the Official Statement within seven business days after the Series 2014 Bonds have been sold for delivery, by such bidder, to each potential investor requesting a copy of the Official Statement and to each person to whom such bidder initially sells the Series 2014 Bonds.

The Mayor is hereby authorized to deem the Preliminary Official Statement to be in final form as of its date, except for the omission of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Mayor except for the omission in the Preliminary Official Statement of such pricing and other information.

(h) The City hereby covenants and agrees that it will provide such annual financial information and material event notices, if any, if and as required by Rule 15c2-12 of the Securities Exchange Commission for the Series 2014 Bonds. The Mayor is authorized to execute an agreement for the benefit of and enforceable by the owners of the Series 2014 Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of the City to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Series 2014 Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the City to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 2.02 Delivery of the Series 2014 Bonds. The City shall execute the Series 2014 Bonds and deliver them to the Trustee. Thereupon, the Trustee shall authenticate the Series 2014 Bonds and deliver them to, or on the order of, the winning bidder therefor, as directed by the City in accordance with this Section 2.02. Before the Trustee delivers any Series 2014 Bonds, the Trustee shall have received a request and authorization to the Trustee on behalf of the City, signed by the Authorized Representative, to authenticate and deliver the Series 2014 Bonds to, or on the order of, the winning

bidder upon payment to the Trustee of the amount specified therein, which amount shall be deposited as provided in Article IV hereof.

Section 2.03 Form of Series 2014 Bonds. The Series 2014 Bonds and the certificate of authentication to be endorsed thereon are to be in substantially the form attached hereto as Exhibit A, with such variations as may be necessary and appropriate for numbers, dates and other matters.

Section 2.04 Designation of Trustee, Paying Agent and Bond Registrar. The City hereby authorizes the Mayor to appoint the Trustee, Paying Agent and Bond Registrar under the Resolution with respect to the Series 2014 Bonds.

Section 2.05 Security and Source of Payment. The Bonds shall be the third series of Revenue Obligations issued under the Resolution.

Section 2.06 No Debt Service Reserve Account. The City hereby elects not to establish a Debt Service Reserve Account for the Series 2014 Bonds.

Section 2.07 Sinking Fund Sub-Accounts. The City hereby establishes a "Series 2014 Sub-Account" in the Interest Account of the Sinking Fund, and a "Series 2014 Sub-Account" in the Principal Account of the Sinking Fund. The City shall make monthly deposits to such sub-accounts so long as the Series 2014 Bonds are Outstanding, beginning in the month following delivery of the Series 2014 Bonds.

For the period commencing with the month following the delivery of the Series 2014 Bonds, to and including the month of the first interest payment date for the Series 2014 Bonds, each monthly deposit to the Series 2014 Sub-Account of the Interest Account shall be an amount that, together with all other monthly deposits of approximately equal amounts during such period and amounts otherwise in said sub-account, will be equal to interest due on the Series 2014 Bonds on the first interest payment date. Thereafter, each monthly deposit to the Series 2014 Sub-Account of the Interest Account shall be equal to not less than one-sixth (1/6th) of the interest coming due on the Series 2014 Bonds on the next interest payment date, net of any interest earnings on such amounts.

For the period commencing with the month following the delivery of the Series 2014 Bonds to and including the month preceding the first principal payment for the Series 2014 Bonds, each monthly deposit to the Series 2014 Sub-Account of the Principal Account shall be an amount that, together with all other monthly deposits during such period and amounts otherwise in said sub-account, will be equal to the principal due on the Series 2014 Bonds on the first principal payment date (provided that, in the event that the first principal payment date is more than 13 months following the month next following delivery of the Series 2014 Bonds, monthly deposits to the Series 2014 Sub-Account of the Principal Account shall begin in the month which is 13 months prior to the month of the first principal payment date). Thereafter, each monthly deposit to the Series 2014 Sub-Account of the Principal Account shall be an amount equal to not less than one-twelfth (1/12th) of the principal amount coming due on the Series 2014 Bonds, whether by maturity or mandatory redemption, on the next principal payment date, net of any interest earnings on such amounts.

No further deposit shall be required to be made to the Series 2014 Sub-Account of the Principal Account or Interest Account when the balances therein are equal to or greater than the amount needed to pay principal and interest (as applicable) on the next interest payment date.

ARTICLE III.

REDEMPTION OF SERIES 2014 BONDS

Section 3.01 Redemption. The Series 2014 Bonds shall be subject to redemption prior to maturity in the amounts, at the times and in the manner provided in this Article III and the Series 2014 Bonds.

Section 3.02 Optional Redemption. Subject to the adjustments permitted in Section 2.01(b) hereof, the Series 2014 Bonds maturing on or before July 1, 2024 shall mature without option of prior redemption. The Series 2014 Bonds maturing on July 1, 2025 and thereafter shall be subject to redemption, in whole or in part, prior to maturity at the option of the City on or after July 1, 2024 at any time at the price of par plus accrued interest to the redemption date. The City shall have the right to designate which maturities, or portions thereof, shall be redeemed in accordance with the immediately preceding sentence.

The City shall give the Trustee at least 40 days' notice of any redemption pursuant to this Section.

Section 3.03 Mandatory Sinking Fund Redemption. The Series 2014 Bonds may be subject to mandatory redemption in part, at a Redemption Price equal to the principal amount thereof plus accrued interest from the sinking fund installments specified in the years and amounts as specified by an Authorized Representative in the Bond Purchase Agreement. At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the City may (i) deliver to the Trustee for cancellation Series 2014 Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Series 2014 Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Trustee and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series 2014 Bond so delivered or previously purchased or redeemed shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the City on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Series 2014 Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The City shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Trustee with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

Section 3.04 Payment of Series 2014 Bonds Upon Redemption. Upon redemption of all or any portion of any Series 2014 Bond, subject to Section 2.10 of the Master Resolution, payment of the applicable Redemption Price shall be made only upon surrender of such Series 2014 Bond. If, on the Redemption Date, sufficient moneys shall have been deposited with the Trustee to effect such redemption in accordance with this Supplemental Resolution, then interest shall cease to accrue on all Series 2014 Bonds or portions thereof so called for redemption.

ARTICLE IV.

DISPOSITION OF SERIES 2014 BOND PROCEEDS

The proceeds of the sale of the Series 2014 Bonds shall be used and applied as follows:

- (a) an amount, which together with investment earnings thereon and legally available funds of the City, if any, will be sufficient to pay principal of and interest on the Refunded Bonds to and on their redemption date shall be transferred to the Escrow Agent under the Refunding Escrow Agreement to be held and applied as provided therein; or, in the alternative and at the direction of the Mayor, such amount shall be paid directly to the trustee and paying agent for the Refunded Bonds for the purpose of retiring the Refunded Bonds; and
- (b) the remainder of the proceeds of the sale of the Series 2014 Bonds shall be deposited with a financial institution regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation or similar federal agency, in a separate account within the Project Fund, to be known and designated as the "Series 2014 Account" to be kept separate and apart from all other funds of the City. Moneys in the Series 2014 Account shall be applied in accordance with Article XII of the Master Resolution. If, upon completion of the Project, any amount shall remain in the Series 2014 Account, such amounts shall be transferred to the Sinking Fund.

ARTICLE V.

REFUNDING MATTERS

Section 5.01 Final Determination of Refunded Bonds. The Mayor, in consultation with the Financial Advisor, is authorized to determine whether or not to refinance the Refunded Bonds and determine whether to refinance only a portion of the Refunded Bonds, taking into account the City's cost-savings objectives.

Section 5.02 Refunding Escrow Agreement. For the purpose of providing for the payment of the principal of and interest on the Refunded Bonds, the Mayor is hereby authorized and directed to execute and the City Recorder to attest on behalf of the Municipality the Refunding Escrow Agreement with the Escrow Agent and to deposit with the Escrow Agent the amounts to be used by the Escrow Agent to purchase Government Securities as provided therein; provided, however, that the yield on such investments shall be determined in such manner that none of the Series 2014 Bonds will be an "arbitrage bond" within the meaning of Section 148 (a) of the Code. The form of the Refunding Escrow Agreement presented to this meeting and attached hereto as Exhibit B is hereby in all respects approved, and the Mayor and the City Recorder are hereby authorized and directed to execute and deliver same on behalf of the Municipality in substantially the form thereof presented to this meeting, or with such changes as may be approved, in consultation with the Finance Director, by the Mayor and the City Recorder, their execution thereof to constitute conclusive evidence of their approval of all such changes, including modifications to the Refunding Escrow Agreement. The Escrow Agent is hereby authorized and directed to hold and administer all funds deposited in trust for the payment when due of principal of and interest on the Refunded Bonds and to exercise such duties as set forth in the Refunding Escrow Agreement. Notwithstanding anything herein to the contrary, no Refunding Escrow Agreement shall be required for the purpose of providing for the payment of the principal of and interest on the Refunded Bonds if Series 2014 Bond proceeds are deposited with the paying agent for the Refunded Bonds as described in Article IV (b) above.

Section 5.03 Notices of Redemption and Notices of Refunding. The Mayor, the City Recorder and/or the Finance Director, or any of them, are hereby authorized and directed to take all steps necessary to redeem the Refunded Bonds at their earliest possible redemption date, including the giving of and publication of any redemption notice as required by the resolution authorizing the issuance of the Refunded Bonds. Such notice shall be in substantially the form provided in the Refunding Escrow

Agreement. The Mayor, the City Recorder and/or the Finance Director, or any of them, are hereby authorized and directed to take all steps necessary in giving any notices of refunding of the Refunded Bonds, if and as required by law.

ARTICLE VI.

MISCELLANEOUS

Section 6.01 Resolution a Contract. The provisions of this Supplemental Resolution shall constitute a contract between the City and the registered owners of the Series 2014 Bonds, and after the issuance of the Series 2014 Bonds, no change, variation or alteration of any kind in the provisions of this Supplemental Resolution shall be made in any manner until such time as the Series 2014 Bonds and interest due thereon shall have been paid in full except as permitted herein.

Section 6.02 Engagement of Financial Advisor and Bond Counsel. The Governing Body hereby authorizes the engagement of the Financial Advisor to serve in such capacity with respect to the Series 2014 Bonds and Bass, Berry & Sims PLC to serve as bond counsel to the City in connection with the Series 2014 Bonds. The Mayor is hereby authorized to execute and deliver engagement letters or agreements with the Financial Advisor and bond counsel, and all actions heretofore taken with respect thereto are hereby ratified and approved.

Section 6.03 Separability. If any section, paragraph or provision of this Supplemental Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Supplemental Resolution.

Section 6.04 Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this Supplemental Resolution, are, to the extent of such conflict, hereby repealed and this Supplemental Resolution shall be in immediate effect from and after its adoption.

Section 6.05 Qualified Tax-Exempt Obligations. The Governing Body hereby delegates to the Mayor the authority to designate, and to determine whether to designate, the Bonds as "qualified tax-exempt obligations", as defined in Section 265 of the Code.

Section 6.06 Governing Law. This Resolution shall be construed in accordance with the laws of the State of Tennessee.

(signature page follows)

Adopted and approved this 8th day of July, 2014.

Mayor

ATTEST:

City Recorder

STATE OF TENNESSEE)
)
COUNTY OF SUMNER)

I, Connie Kittrell, hereby certify that I am the duly qualified and acting City Recorder of the City of Gallatin, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a special-called meeting of the governing body of the City held on July 8, 2014; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to not to exceed \$6,000,000 Water and Sewer Revenue Refunding and Improvement Bonds, Series 2014 of said City.

WITNESS my official signature and seal of said City this _____ day of _____, 2014.

City Recorder

(SEAL)

(Form of Series 2014 Bond)

UNITED STATES OF AMERICA
COUNTY OF SUMNER
CITY OF GALLATIN, TENNESSEE
WATER AND SEWER REVENUE BOND
SERIES 2014

PRINCIPAL AMOUNT: \$

KNOW ALL MEN BY THESE PRESENTS: That the City of Gallatin, Tennessee (the "City"), duly incorporated pursuant to the laws of the State of Tennessee, for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth, or upon earlier redemption as set forth herein, and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on _____, and semi-annually thereafter on the first day of _____ and _____ in each year until this Bond matures or is redeemed. Both principal hereof and interest hereon are payable in lawful money of the United States of America at the corporate trust office of _____, _____, as Trustee, Paying Agent and Bond Registrar (the "Trustee"). The Trustee shall make all interest payments with respect to

this Bond on each interest payment date to the registered owner hereof shown on the bond registration records maintained by the Trustee as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at such owner's address shown on said bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the City to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Trustee, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of and premium, if any, on this Bond shall be made when due upon presentation and surrender of this Bond to the Trustee [provided, however, that principal payments made pursuant to mandatory sinking fund redemptions as provided herein shall be made without presentation and surrender of this Bond, except for final payment].

This Series 2014 Bond is one of a total authorized issue aggregating \$ _____ issued by the City for the purpose of (i) making additions and improvements to its water and sewer system (such system, additions and improvements, together with all water and sewer system properties of every nature hereafter owned by the City, being collectively referred to herein as the "System"), including the payment of legal, fiscal, administrative and engineering costs incident thereto; (ii) refunding a portion of the City's outstanding Water and Sewer Revenue and Tax Bonds, Series 2004; and (iii) paying costs incident to the issuance of the Series 2014 Bonds under and in full compliance with the Constitution and statutes of the State of Tennessee, including Sections 7-34-101, et seq., Tennessee Code Annotated, and pursuant to a Master Resolution dated as of July 15, 2008 adopted by the City, as supplemented by the Supplemental Resolution No. 3 dated as of July 8, 2014 adopted by the City which authorized the issuance of the Series 2014 Bonds (such Master Resolution, as from time to time amended and supplemented, the "Resolution").

This Series 2014 Bond, and interest hereon are payable solely from and secured by a pledge of the revenues to be derived from the operation of the System subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing, and insuring the System, on parity with the City's remaining Water and Sewer Revenue and Tax Refunding Bonds, Series 2004, dated March 1, 2004; its Water and Sewer Revenue Bonds, Series 2008, dated July 24, 2008; and its outstanding Water and Sewer Revenue Refunding and Improvement Bonds, Series 2011, dated December 28, 2011. As provided in the Resolution, the punctual payment of principal of, premium, if any, and interest on the series of Series 2014 Bonds of which this Series 2014 Bond is one and any other bonds, notes and other obligations issued by or entered into by the City on a parity therewith pursuant to the terms of the Resolution shall be secured equally and ratably by said revenues without priority by reason of series, number or time of sale or delivery. The City has covenanted that it will fix and impose such rates and charges for the services rendered by the System and will collect and account for sufficient net revenues to pay promptly the principal of and interest on this Series 2014 Bond and the issue of which it is a part, as each payment becomes due. For a complete statement of the revenues from which and conditions under which this Series 2014 Bond is payable, a statement of the conditions on which obligations may hereafter be issued on parity with this Series 2014 Bond, the general covenants and provisions pursuant to which this Series 2014 Bond is issued and the terms upon which the Resolution may be modified, reference is hereby made to the Resolution.

For so long as the Series 2014 Bonds are held in a book-entry-only system and so long as a Securities Depository or its nominee is the Registered Owner of the Series 2014 Bonds, references herein to the Registered Owners shall mean such Securities Depository and not the beneficial owners. Neither

the Trustee nor the City shall be responsible or liable for maintaining, supervising or reviewing the records maintained by or the actions of (including, without limitation, the application of payments received with respect to the Series 2014 Bonds) the Securities Depository, its participants or persons acting through such participants.

The transfer of this Series 2014 Bond may be registered by the Registered Owner hereof in person or by his attorney duly authorized in writing, at the principal corporate office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Series 2014 Bond. Upon such transfer a new registered Series 2014 Bond or Series 2014 Bonds of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor. The City and the Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this Series 2014 Bond shall be overdue) for all purposes, and neither the City nor the Trustee shall be bound by any notice or knowledge to the contrary.

Optional Redemption by the City. Series 2014 Bonds of the issue of which this Bond is one maturing on or before July 1, 2024 shall mature without option of prior redemption. Series 2014 Bonds maturing on July 1, 2025 and thereafter shall be subject to redemption, in whole or in part, prior to maturity at the option of the City, on or after July 1, 2024, at any time at the price of par plus interest accrued to the redemption date.

[Mandatory Sinking Fund Redemption. Subject to the credit hereinafter provided, the City shall redeem Series 2014 Bonds maturing in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Series 2014 Bonds of which this Series 2014 Bond is one, or any successor depository for the Series 2014 Bonds, shall determine the interest of each participant in the Series 2014 Bonds to be redeemed using its procedures generally used at that time. If DTC, or another securities depository is no longer serving as securities depository for the Series 2014 Bonds, the Series 2014 Bonds to be redeemed within a maturity shall be selected by the Trustee by lot or such other random manner as the Trustee in its discretion shall select. The dates of redemption and amount of Series 2014 Bonds to be redeemed on said dates are as follows:

Redemption Date

Principal Amount of
Series 2014 Bonds to be Redeemed

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the City may (i) deliver to the Trustee for cancellation Series 2014 Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Series 2014 Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Trustee and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series 2014 Bond so delivered or previously purchased or redeemed shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the City on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Series 2014 Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The City shall on or before the forty-fifth (45th) day next

preceding each payment date furnish the Trustee with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this paragraph are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.]

Notice of Redemption. Notice of any redemption shall be given by the Trustee on behalf of the City by mailing a copy of an official redemption notice by first-class mail, at least 15 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Series 2014 Bond or Bonds to be redeemed at the address shown on the Bond Register, or at such other address as is furnished in writing by such registered owner to the Trustee.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Series 2014 Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series 2014 Bond, together with all other indebtedness of the City, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the City of Gallatin, Tennessee has caused this Series 2014 Bond to be executed in its name by the manual or facsimile signature of its Mayor, and attested by the manual or facsimile signature of its City Recorder.

CITY OF GALLATIN, TENNESSEE

By: _____
Mayor

Attest:

By: _____
City Recorder

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This Series 2014 Bond is one of the Series 2014 Bonds of the issue described in the within-mentioned Resolution.

as Trustee

By: _____
Authorized Signatory

(Form for Transfer)

FOR VALUE RECEIVED, _____ the undersigned, hereby sells, assigns and transfers unto _____ (Tax Identification or Social Security No. _____) the within Series 2014 Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Series 2014 Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guarantee:

(Authorized Officer)

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Series 2014 Bond in every particular, without alteration or enlargement or any change whatever.

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

EXHIBIT B
(Form of Refunding Escrow Agreement)

13171725.2

CITY OF GALLATIN, TENNESSEE

\$ _____ WATER AND SEWER REVENUE REFUNDING AND IMPROVEMENT BONDS,
SERIES 2014

REFUNDING ESCROW AGREEMENT

This Refunding Escrow Agreement is made and entered into as of _____, 2014, by and between the City of Gallatin, Tennessee (the "Issuer") and _____ (the "Agent").

WITNESSETH:

WHEREAS, the Issuer has determined to provide for payment of the debt service requirements of certain of its outstanding debt obligations, as described herein (the "Outstanding Obligations") by depositing in escrow with the Agent funds sufficient to pay the principal of and interest on the Outstanding Obligations as set forth on Exhibit A hereto; and

WHEREAS, in order to obtain the funds needed to refund the Outstanding Obligations, the Issuer has authorized and issued its Water And Sewer Revenue Refunding and Improvement Bonds, Series 2014 (the "Refunding Bonds"); and

WHEREAS, a portion of the proceeds derived from the sale of the Refunding Bonds, together with legally available funds of the Issuer, will be deposited in escrow with the Agent hereunder and applied to the purchase of certain securities described herein, the principal amount thereof together with interest thereon to mature at such times and in such amounts as shall be sufficient to pay when due all of the principal of and interest on the Outstanding Obligations as set forth on Exhibit A; and

WHEREAS, in order to create the escrow hereinabove described, provide for the deposit of said Refunding Bond proceeds and other funds of the Issuer and the application thereof, and to provide for the payment of the Outstanding Obligations, the parties hereto do hereby enter into this Agreement;

NOW, THEREFORE, the Issuer, in consideration of the foregoing and the mutual covenants herein set forth and in order to secure the payment of the Outstanding Obligations according to their tenor and effect, does by these presents hereby grant, warrant, demise, release, convey, assign, transfer, alien, pledge, set over and confirm, to the Agent, and to its successors hereunder, and to it and its assigns forever, in escrow, all and singular the property hereinafter described to wit:

DIVISION I

All right, title and interest of the Issuer in and to \$ _____, consisting of \$ _____ derived from the proceeds of the sale of the Refunding Bonds and \$ _____ from other legally available funds of the Issuer.

DIVISION II

All right, title and interest of the Issuer in and to the Government Securities purchased with the funds described in Division I hereof and more particularly described in Exhibit B, attached hereto, and to all income, earnings and increment derived from or accruing to the Government Securities.

DIVISION III

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred in escrow hereunder by the Issuer or by anyone in its behalf to the Agent, which is hereby authorized to receive the same at any time to be held in escrow hereunder.

DIVISION IV

All property that is by the express provisions of this Agreement required to be subject to the pledge hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subject to the pledge hereof, by the Issuer or by anyone in its behalf, and the Agent is hereby authorized to receive the same at any time to be held in escrow hereunder.

TO HAVE AND TO HOLD, all and singular, the escrowed property, including all additional property which by the terms hereof has or may become subject to this Agreement, unto the Agent, and its successors and assigns, forever.

The escrowed property shall be held in escrow for the benefit and security of the owners from time to time of the Outstanding Obligations; but if the principal of and interest on the Outstanding Obligations shall be fully and promptly paid when due in accordance with the terms hereof, then this Agreement shall be and become void and of no further force and effect, otherwise the same shall remain in full force and effect, subject to the covenants and conditions hereinafter set forth.

ARTICLE I. DEFINITIONS AND CONSTRUCTION

SECTION 1.1 Definitions. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

"Agreement" means this Refunding Escrow Agreement;

"Code" means the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated thereunder;

"Escrow Fund" shall have the meaning ascribed to it in Section 2.1 hereof;

"Escrow Property", "escrow property" or "escrowed property" means the property, rights and interest of the Issuer that are described in Divisions I through IV of this Agreement and hereinabove conveyed in escrow to the Agent;

"Government Securities" means obligations and securities described in Section 9-21-914, Tennessee Code Annotated;

"Outstanding Obligations" means Water and Sewer Revenue and Tax Refunding Bonds, Series 2004, dated March 1, 2004 and maturing in 2015 and thereafter; and

"Written Request" means a request in writing signed by the Mayor of the Issuer or by any other officer or official of the Issuer duly authorized by the Issuer to act in the place of the Mayor.

SECTION 1.2 Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word "person" shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

ARTICLE II. ESTABLISHMENT AND ADMINISTRATION OF FUNDS

SECTION 2.1 Creation of Escrow: Deposit of Funds. The Issuer hereby creates and establishes with the Agent a special and irrevocable escrow composed of the Escrowed Property and hereby deposits with the Agent and the Agent hereby acknowledges receipt of \$_____ as described in Division I hereof. The monies so deposited, together with investment income therefrom, is herein referred to as the "Escrow Fund" and shall constitute a fund to be held by the Agent as a part of the Escrowed Property created, established, and governed by this Agreement.

SECTION 2.2 Investment of Funds. The monies described in Section 2.1 hereof shall be held or invested as follows:

(a) the amount of \$_____ shall be used to purchase the Government Securities described on Exhibit B attached hereto; and

(b) the amount of \$_____ shall be held as cash in a non-interest-bearing account.

Except as provided in Sections 2.4 and 2.6 hereof, the investment income from the Government Securities in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Agent shall have no power or duty to invest any monies held hereunder or to make substitutions of Government Securities held hereunder or to sell, transfer, or otherwise dispose of the Government Securities acquired hereunder except as provided herein.

SECTION 2.3 Disposition of Escrow Funds. The Agent shall without further authorization or direction from the Issuer collect the principal and interest on the Government Securities promptly as the same shall fall due. From the Escrow Fund, to the extent that monies therein are sufficient for such purpose, the Agent shall make timely payments to the paying agent or its successor, for the Outstanding Obligations of monies sufficient for the payment of the principal of and interest on the Outstanding Obligations as the same shall become due and payable. Amounts and dates of principal and interest payments and the name and address of the paying agent with respect to the Outstanding Obligations are set forth on Exhibit A. Payment on the dates and to the paying agent in accordance with Exhibit A shall constitute full performance by the Agent of its duties hereunder with respect to each respective payment. The Issuer represents and warrants that the Escrow Fund, if held, invested and disposed of by the Agent in accordance with the provisions of this Agreement, will be sufficient to make the foregoing payments. No paying agent fees, fees and expenses of the Agent, or any other costs and expenses associated with the Refunding Bonds or the Outstanding Obligations shall be paid from the Escrow Fund, and the Issuer agrees to pay all such fees, expenses, and costs from its legally available funds as such payments become due. When the Agent has made all required payments of principal and interest on the Outstanding Obligations to the paying agent as hereinabove provided, the Agent shall transfer any monies or Government Securities then held hereunder to the Issuer and this Agreement shall terminate.

SECTION 2.4 Excess Funds. Except as provided in Section 2.6 hereof, amounts held by the Agent, representing interest on the Government Securities in excess of the amount necessary to make the

corresponding payment of principal and/or interest on the Outstanding Obligations, shall be held by the Agent without interest and shall be applied before any other Escrow Fund monies to the payment of the next ensuing principal and/or interest payment on the Outstanding Obligations. Upon retirement of all the Outstanding Obligations, the Agent shall pay any excess amounts remaining in the Escrow Fund to the Issuer.

SECTION 2.5 Reports. The Agent shall deliver to the City Recorder of the Issuer, within 90 days of the close of the Issuer's fiscal year, a report current as of the end of such fiscal year, which shall summarize all transactions relating to the Escrow Fund effected during the immediately preceding fiscal year of the Issuer and which also shall set forth all assets in the Escrow Fund as of the end of such fiscal year and set forth opening and closing balances thereof for that fiscal year. The Agent shall also deliver to the City Recorder, within 90 days following the final disposition of funds herefrom, a report summarizing all transactions relating to the Escrow Fund effected during the term thereof.

SECTION 2.6 Investment of Moneys Remaining in Escrow Fund. The Agent may invest and reinvest any monies remaining from time to time in the Escrow Fund until such time as they are needed. Such monies shall be invested in Government Securities, maturing no later than the next interest payment date of the Outstanding Obligations, or for such periods or at such interest rates as the Agent shall be directed by Written Request, provided, however, that the Issuer shall furnish the Agent, as a condition precedent to such investment, with an opinion from nationally recognized bond counsel stating that such reinvestment of such monies will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds or the Outstanding Obligations not to be excluded from gross income for Federal income tax purposes and that such investment is not inconsistent with the statutes and regulations applicable to the Refunding Bonds and Outstanding Obligations. Any interest income resulting from reinvestment of monies pursuant to this Section 2.6 shall be applied first to the payment of principal of and interest on the Outstanding Obligations to the extent the Escrow is or will be insufficient to retire the Outstanding Obligations as set forth on Exhibit A and any excess shall be paid to the Issuer to be applied to the payment of the Refunding Bonds or the expenses of issuance thereof.

SECTION 2.7 Irrevocable Escrow Created. The deposit of monies, Government Securities, matured principal amounts thereof, and investment proceeds therefrom in the Escrow Fund shall constitute an irrevocable deposit of said monies and Government Securities for the benefit of the holders of the Outstanding Obligations, except as provided herein with respect to amendments permitted under Section 4.1 hereof. All the funds and accounts created and established pursuant to this Agreement shall be and constitute escrow funds for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the Issuer and the Agent and used only for the purposes and in the manner provided in this Agreement.

SECTION 2.8 Redemption of Outstanding Obligations. The Outstanding Obligations shall be redeemed as stated on Exhibit C attached hereto. The Agent is authorized to give notice to the paying agents for the Outstanding Obligations not less than 45 days prior to the redemption date of the Outstanding Obligations directing the paying agents to give notice to the holders of the Outstanding Obligations as and when required by the resolutions authorizing the Outstanding Obligations.

ARTICLE III. CONCERNING THE AGENT

SECTION 3.1 Appointment of Agent. The Issuer hereby appoints the Agent as escrow agent under this Agreement.

SECTION 3.2 Acceptance by Agent. By execution of this Agreement, the Agent accepts the duties and obligations as Agent hereunder. The Agent further represents that it has all requisite power, and has taken all corporate actions necessary to execute the escrow hereby created.

SECTION 3.3 Liability of Agent. The Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the Issuer or any paying agent of its obligations, or to protect any of the Issuer's rights under any bond proceedings or any of the Issuer's other contracts with or franchises or privileges from any state, county, Issuer or other governmental agency or with any person. The Agent shall not be liable for any act done or step taken or omitted to be taken by it, or for any mistake of fact or law, or anything which it may do or refrain from doing, except for its own gross negligence or willful misconduct in the performance or nonperformance of any obligation imposed upon it hereunder. The Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein or in the Outstanding Obligations or in the Refunding Bonds or in any proceedings taken in connection therewith, but they are made solely by the Issuer. The Agent shall have no lien whatsoever upon any of the monies or investments in the Escrow Fund for the payment of fees and expenses for services rendered by the Agent under this Agreement.

The Agent shall not be liable for the accuracy of the calculations as to the sufficiency of Escrow Fund monies and Government Securities and the earnings thereon to pay the Outstanding Obligations. So long as the Agent applies any monies, the Government Securities and the interest earnings therefrom to pay the Outstanding Obligations as provided herein, and complies fully with the terms of this Agreement, the Agent shall not be liable for any deficiencies in the amounts necessary to pay the Outstanding Obligations caused by such calculations. The Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with the provisions hereof.

In the event of the Agent's failure to account for any of the Government Securities or monies received by it, said Government Securities or monies shall be and remain the property of the Issuer in escrow for the benefit of the holders of the Outstanding Obligations, as herein provided, and if for any improper reason such Government Securities or monies are applied to purposes not provided for herein or misappropriated by the Agent, the assets of the Agent shall be impressed with a trust for the amount thereof until the required application of such funds shall be made or such funds shall be restored to the Escrow Fund.

SECTION 3.4 Permitted Acts. The Agent and its affiliates may become the owner of or may deal in the Refunding Bonds or Outstanding Obligations as fully and with the same rights as if it were not the Agent.

SECTION 3.5 Exculpation of Funds of Agent. Except as set forth in Section 3.3, none of the provisions contained in this Agreement shall require the Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

SECTION 3.6 Payment of Deficiency by Issuer. The Issuer agrees that it will promptly and without delay remit or cause to be remitted to the Agent within ten (10) days after receipt of the Agent's written request, such additional sum or sums of money as may be necessary in excess of the sums provided for under Section 2.1 hereof to assure the payment when due of the principal of, premium, if any, and interest on the Outstanding Obligations.

SECTION 3.7 No Redemption or Acceleration of Maturity. The Agent will not pay any of the principal of or interest on the Outstanding Obligations, except as provided in Exhibit A attached hereto and will not redeem or accelerate the maturity of any of the Outstanding Obligations except as provided in Section 2.8 hereof.

SECTION 3.8 Qualifications of Agent. There shall at all times be an Agent hereunder that shall be a corporation or banking association organized and doing business under the laws of the United States or any state, authorized under the laws of its incorporation to exercise the powers herein granted, having a combined capital, surplus, and undivided profits of at least \$75,000,000 and subject to supervision or examination by federal or state authority. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital, surplus, and undivided profits of such corporation or association shall be deemed to be its combined capital, surplus, and undivided profits as set forth in its most recent report of condition as published. In case at any time the Agent shall cease to be eligible in accordance with the provisions of this section, the Agent shall resign immediately in the manner and with the effect specified herein.

SECTION 3.9 Resignation of Agent. The Agent may at any time resign by giving direct written notice to the Issuer and by giving the holders of the Outstanding Obligations notice by first-class mail of such resignation. Upon receiving such notice of resignation, the Issuer shall promptly appoint a successor escrow agent by resolution of its governing body. If no successor escrow agent shall have been appointed and have accepted appointment within thirty (30) days after the publication of such notice of resignation, the resigning Agent may petition any court of competent jurisdiction located in Sumner County, Tennessee for the appointment of a successor, or any holder of the Outstanding Obligations may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor meeting the qualifications set forth in Section 3.8. The Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

SECTION 3.10 Removal of Agent. In case at any time the Agent shall cease to be eligible in accordance with the provisions of Section 3.8 hereof and shall fail to resign after written request therefor by the Issuer or by any holder of the Outstanding Obligations, or the Agent shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Agent or any of its property shall be appointed, or any public officer shall take charge or control of the Agent or its property or affairs for the purpose of rehabilitation, conservation, or liquidation, then in any such case, the Issuer may remove the Agent and appoint a successor by resolution of its governing body or any such bondholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction situated in the Issuer for the removal of the Agent and the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, remove the Agent and appoint a successor who shall meet the qualifications set forth in Section 3.8. Unless incapable of serving, the Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

The holders of a majority in aggregate principal amount of all the Outstanding Obligations at any time outstanding may at any time remove the Agent and appoint a successor by an instrument or concurrent instruments in writing signed by such bondholders and presented, together with the successor's acceptance of appointment, to the Issuer and the Agent.

Any resignation or removal of the Agent and appointment of a successor pursuant to any of the provisions of this Agreement shall become effective upon acceptance of appointment by the successor as provided in Section 3.11 hereof.

SECTION 3.11 Acceptance by Successor. Any successor escrow agent appointed as provided in this Agreement shall execute, acknowledge and deliver to the Issuer and to its predecessor an instrument accepting such appointment hereunder and agreeing to be bound by the terms hereof, and thereupon the resignation or removal of the predecessor shall become effective and such successor, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Agent herein; but, nevertheless, on Written Request of the Issuer or the request of the successor, the predecessor shall execute and deliver an instrument transferring to such successor all rights, powers and escrow property of the predecessor. Upon request of any such successor, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor all such rights, powers and duties. No successor shall accept appointment as provided herein unless at the time of such acceptance such successor shall be eligible under the provisions of Section 3.8 hereof.

Any corporation into which the Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Agent shall be a party, or any corporation succeeding to the business of the Agent, shall be the successor of the Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor shall be eligible under the provisions of Section 3.8 hereof.

SECTION 3.12 Payment to Agent. The Issuer agrees to pay the Agent, as reasonable and proper compensation under this Agreement, an annual fee of \$_____, payable on the date hereof and on each anniversary thereof until the term of this Agreement is concluded. The Agent shall be entitled to reimbursement of all advances, counsel fees and expenses, and other costs made or incurred by the Agent in connection with its services and/or its capacity as Agent or resulting therefrom. In addition, the Issuer agrees to pay to the Agent all out-of-pocket expenses and costs of the Agent incurred by the Agent in the performance of its duties hereunder, including all publication, mailing and other expenses associated with the redemption of the Outstanding Obligations; provided, however, that the Issuer agrees to indemnify the Agent and hold it harmless against any liability which it may incur while acting in good faith in its capacity as Agent under this Agreement, including, but not limited to, any court costs and attorneys' fees, and such indemnification shall be paid from available funds of the Issuer and shall not give rise to any claim against the Escrow Fund.

ARTICLE IV. MISCELLANEOUS

SECTION 4.1 Amendments to this Agreement. This Agreement is made for the benefit of the Issuer, the holders from time to time for the Outstanding Obligations, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Agent and the Issuer; provided, however, that the Issuer and the Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Agent for the benefit of the holders of the Outstanding Obligations, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Agent; and

(c) to subject to this Agreement additional funds, securities or properties.

The Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Outstanding Obligations, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Notwithstanding the foregoing or any other provision of this Agreement, upon Written Request and upon compliance with the conditions hereinafter stated, the Agent shall have the power to and shall, in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of the Government Securities held hereunder and to substitute therefor direct obligations of, or obligations the principal of and interest on which are fully guaranteed by the United States of America, subject to the condition that such monies or securities held by the Agent shall be sufficient to pay principal of and interest on the Outstanding Obligations. The Issuer hereby covenants and agrees that it will not request the Agent to exercise any of the powers described in the preceding sentence in any manner which will cause the Refunding Bonds to be arbitrage bonds within the meaning of Section 148 of the Code in effect on the date of such request and applicable to obligations issued on the issue date of the Refunding Bonds. The Agent shall purchase such substituted securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the Government Securities held hereunder or from other monies available. The transactions may be effected only if there shall have been submitted to the Agent: (1) an independent verification by a nationally recognized independent certified public accounting firm concerning the adequacy of such substituted securities with respect to principal and the interest thereon and any other monies or securities held for such purpose to pay when due the principal of and interest on the Outstanding Obligations in the manner required by the proceedings which authorized their issuance; and (2) an opinion from nationally recognized bond counsel to the effect that the disposition and substitution or purchase of such securities will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds not to be exempt from Federal income taxation. Any surplus monies resulting from the sale, transfer, other disposition or redemption of the Government Securities held hereunder and the substitutions therefor of direct obligations of, or obligations the principal of and interest on which is fully guaranteed by, the United States of America, shall be released from the Escrow Fund and shall be transferred to the Issuer.

SECTION 4.2 Severability. If any provision of this Agreement shall be held or deemed to be invalid or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

SECTION 4.3 Governing Law. This Agreement shall be governed and construed in accordance with the law of the State of Tennessee.

SECTION 4.4 Notices. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by Registered or Certified Mail, postage prepaid, or sent by telegram as follows:

To the Issuer:

City of Gallatin, Tennessee
132 West Main Street
Gallatin, Tennessee 37066
Attention: Finance Director

To the Agent:

The Issuer and the Agent may designate in writing any further or different addresses to which subsequent notices, requests, communications or other papers shall be sent.

SECTION 4.5 Agreement Binding. All the covenants, promises and agreements in this Agreement contained by or on behalf of the parties shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 4.6 Termination. This Agreement shall terminate when all transfers and payments required to be made by the Agent under the provisions hereof shall have been made.

SECTION 4.7 Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

(signature page follows)

IN WITNESS WHEREOF, the Issuer and the Agent have caused this Agreement to be executed
all as of the day and date first above written.

CITY OF GALLATIN, TENNESSEE

By: _____
Mayor

City Recorder

Escrow Agent

By: _____
Title: _____

EXHIBIT A

Debt Service Schedule of _____, dated _____, maturing _____, to the Maturity Date, With Name and Address of the Paying Agent and Date and Amount of Payment

<u>Payment</u> <u>Date</u>	<u>Principal</u> <u>Payable</u>	<u>Interest</u> <u>Payable</u>	<u>Premium</u>	<u>Total Debt</u> <u>Service</u>
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Paying Agent:

_____, _____

EXHIBIT B

[Insert Description of Securities]

Total Cost of Securities: \$
Initial Cash Deposit: \$

EXHIBIT C

NOTICE OF REDEMPTION
CITY OF GALLATIN, TENNESSEE

NOTICE IS HEREBY GIVEN that the City of Gallatin, Tennessee (the "Issuer"), has elected to and does exercise its option to call and redeem on _____ the Issuer's outstanding debt obligations (the "Outstanding Obligations") as follows:

[Outstanding Obligations]

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Cusip No.</u>
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The owners of the above-described Outstanding Obligations are hereby notified to present the same to the offices of _____ as follows, where redemption shall be made at the redemption price of ____% of par, plus interest accrued to the redemption date:

If by Mail: (REGISTERED Bonds)

If by Hand or Overnight Mail:

The redemption price will become due and payable on _____, upon each such Bond herein called for redemption and such Bond shall not bear interest beyond _____.

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

Registration and Paying Agent